

**An investigation of the readiness of implementing the learning and
growth perspective of the Balanced Scorecard within the Saudi
Arabian public sector performance management system**

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ABSTRACT

This research investigated the readiness of the Saudi Arabian public sector to implement the learning and growth perspective (LGP) of the balanced scorecard (BSC), with the aim of developing a comprehensive and holistic understanding of the current performance management system in the Saudi Arabian public sector from a strategic human resource development (SHRD) point of view. Performance management (PM) has become a significant corporate issue in both public and private sectors within developed and developing countries. The Kingdom of Saudi Arabia has sought to introduce the balanced scorecard (BSC) as a performance management tool in the public sector. An important element of the BSC is the learning and growth perspective (LGP), which is considered the foundation of any strategy. The successful implementation of the BSC largely depends on the extent to which the users understand the concept of the LGP. However, despite the wide publicity surrounding the BSC, there is no scientifically established tool that can be used to measure the LGP, even though there is a wide recognition that the successful implementation of the BSC needs a valid and reliable measure of the LGP.

Using a combination of interviews of executive/top management and structured questionnaire surveys of managers and employees in Saudi public sector ministries, and focusing on the LGP, this study established the level of readiness of Saudi Arabian public sector ministries for the implementation of the BSC. This was done by investigating the extent to which both the users (managers and

employees) and top management understand and conceptualise the concepts of PM and the LGP.

The main findings of the study are: (i) There is a limited/inadequate understanding of PM by executive management, managers and employees; (ii) There is evidence of misalignment between PM and the strategic objectives of the ministries; (iii) Managers and employees have the same conceptualisation of the LGP in some dimensions, but differ in others. (v) Five dimensions of the LGP were identified using factor analysis. Employees and managers shared the following dimensions – Human Capital, Information Capital, Employee Satisfaction, and Relationship. However, managers had an additional dimension – Motivation. This implies different understanding of the LGP in some aspects by managers and employees. In the dimensions that they share, on balance, managers had a much better understanding of the LGP than employees. That is, although conceptualisation of the LGP had high cumulative variance explained for both managers and for employees, the cumulative variance for managers was higher, indicating that managers had a better understanding. Further, a summated rating scale was developed as a measurement tool for the LGP and a comparative analysis of the dimensions using this new tool also confirmed that managers understood the notion better.

The main implications of these findings are: (i) Inadequacy in the understanding of PM is likely to have a negative impact on the implementation of the BSC; (ii) Identifying the dimensions of the LGP enable academic researchers and

practitioners to confidently apply the concept of the LGP; (iii) Top management can use the LGP measurement tool developed in this study to determine the level of understanding of aspects of the LGP by employees and managers; (iv) The differences in the ways managers and employees conceptualise the LGP means that not all employees are ready for the implantation of the BSC. This means that a competency gap has to be measured and employees trained if necessary; (v) On balance, the BSC needs to be adapted to the Saudi public sector context.

DECLARATION

An investigation of the readiness of implementing the learning and growth perspective of the Balanced Scorecard within the Saudi Arabian public sector performance management system

Doctorate of Philosophy of the University of Portsmouth

Whilst registered as a candidate for the above degree, I have not been registered for any other research award. The results and conclusions embodied in this thesis are the work of the named candidate and have not been submitted for any other academic award.

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Dedication

I dedicate this thesis to my parents.

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Contents

CHAPTER ONE: INTRODUCTION.....	I
1.1 Overview	1
1.2 Research Topic.....	3
1.3 The Aims and Objectives of the Study	4
1.4 Research Questions.....	4
1.5 Research Methodology	5
1.6 Significance of the Study.....	6
1.7 Importance of the Learning and Growth Perspective	7
1.8 Contributions of the Research.....	9
1.9 Structure and Organisation of the Study.....	15
CHAPTER TWO: BACKGROUND TO SAUDI ARABIA	16
2.1 Introduction.....	17
2.2 Background to Saudi Arabia.....	17
2.3 Saudi Arabian Business Culture.....	21
2.4 Economic Setting	22
2.5 Management in the Saudi Public Sector	26
2.6 Ministry of Civil Service	28
2.7 Ministry of Economy and Planning	32
2.8 Ministry of Finance	34
2.9 Chapter Summary.....	36
CHAPTER THREE: LITERATURE REVIEW	37
3.1 Introduction.....	38
3.2 The Balanced Scorecard.....	39
3.2.1 BSC Perspectives	51
3.2.2 Implementation of the BSC model	57
3.2.3 BSC in the Public Sector	61
3.2.4 Importance of Learning and Growth	67
3.3 Strategic Human Resource Development.....	73
3.3.1 Overview of SHRD	74
3.3.2 SHRD and the LGP of the BSC	74
3.4 Critical Analysis of Performance Management	81
3.5 Relationships between PM, the BSC, SHRD and the LGP.....	88
3.6 Performance Management Models (including the BSC) in Different Cultural and Institutional Settings.....	91
3.6.1 New Public Management (NPM).....	91
3.6.2 Performance Management in Different Cultural Settings	95
3.6.3 Saudi Arabian Public Sector.....	113
3.7 Conclusions and Literature Gap.....	119
CHAPTER FOUR: RESEARCH METHODOLOGY	123
4.1 Introduction.....	124
4.2 Research Objectives.....	125
4.3 Research Philosophy	126
4.4 Research setting	132

4.5 Research Approaches.....	133
4.6 Data Collection Techniques	135
4.6.1 Qualitative Techniques.....	136
4.6.2 Quantitative Technique	140
4.7 Research Design	142
4.7.1 Qualitative Interviews: Design.....	143
4.7.2 Quantitative Data Collection: Structured Questionnaire Design.....	152
4.8 Pilot Testing of Questionnaire.....	164
4.9 Qualitative Data Collection: Administration of Interviews	165
4.10 Quantitative Data Collection: Administration of Questionnaire.....	167
4.11 Validity and Reliability.....	169
4.12 Access and Ethical Considerations	171
4.13 Data Analysis Methods.....	175
4.13.1 Interview analysis method.....	175
4.13.2 Questionnaire analysis method.....	177
4.14 Conclusion.....	180
CHAPTER FIVE: RESEARCH FINDINGS	182
5.1 Introduction	183
5.2 The Analysis Process.....	184
5.3 Findings on: Performance Management	186
5.3.1 Understanding of the current performance management system in Saudi public sector from employees' and managers' perspectives	186
5.4 Findings on Performance Management System.....	210
5.4.1 Understanding how the managers and employees perceive the performance management system	210
5.5 The learning and growth perspective (LGP)	223
5.6 Factor analysis results for managers.....	227
5.6.1 Interpretation of the factor analysis of managers' questionnaires and interviews with top management.....	234
5.7 Factor analysis results for employees.....	244
5.7.1 Interpretation of employees' factor analysis results	248
5.7.2 Summated rating scale for employees.....	255
5.8 Comparative analysis – managers versus employees	256
5.9. LGP summary	260
5.10 Chapter Summary	262
CHAPTER SIX: DISCUSSION OF FINDINGS.....	266
6.1 Introduction	267
6.2 Understanding the Current Performance Management System in the Saudi Arabian Public Sector from the SHRD perspective	268
6.3 The Meaning of Performance Management for Participants.....	282
6.4 Overall Perceptions on Learning and Growth Readiness.....	290
6.5 Discussion of the LGP Dimensions	296
6.5.1 Human Capital (HC)	299
6.5.2 Information Capital (IC).....	303
6.5.3 Employee Satisfaction (ES)	305
6.5.4 Relationship.....	307
6.5.5 Motivation System (MS).....	309
6.5.6 Conclusion Regarding the LGP.....	312
6.6 Chapter Summary.....	313

CHAPTER SEVEN: RESEARCH CONCLUSIONS AND RECOMMENDATIONS	316
7.1 Introduction	317
7.2 Summary of the Research Structure	318
7.3 Main Findings and Research Contributions.....	321
7.4 Recommendations/Adaptations to Ensure Successful Implementation of the LGP in the Saudi Arabian Public Sector	330
7.4.1 General Recommendations.....	330
7.4.2 Recommendations on how to adapt the LGP for a different cultural setting – Saudi Arabia.....	331
7.5 Research Limitations and Future Research.....	335
7.6 Conclusion	337
References	339
APPENDICES	375
Appendix A-1: Questionnaires.....	376
A-1 Questionnaire form for Employees	376
A-2: Questionnaire form for Managers	380
Appendix B: Demographic information.....	384
B-1: Distribution of the sample according to the type of job and hierarchy grade	384
B-2: Distribution of the sample according to the type of job and the position title in the ministry.....	384
B-3: Distribution of the sample according to the type of job and number of training courses in the ministry.....	385
Appendix C: SPSS output for Reliability Test for Factor 1: Motivation System.....	386
Appendix D: T test results - comparison between managers and employees on PM	387

List of Tables

Chapter One:

Table 1.1: Leading and Lagging Measures of the BSC Model.....	6
---------------------------------------------------------------	---

Chapter Two

Table 2.1: Hofstede's Four Cultural Dimensions Scores for KSA, UK and USA in Comparison to Highest and Lowest Country Score.....	22
Table 2.2: The Development of the Ministry of Civil Service	29

Chapter Three

Table 3.1: The Effect of Individualism/Collectivism and Power Distance on the Performance Appraisal Process.....	95
Table 3.2: Organisational Process Capability Measure	107
Table 3.3: Proposed CRM Scorecard.....	108

Chapter Four

Table 4.1: Questions about Performance Management System	146
Table 4.2: Strategic Human Resource Development (SHRD) within the Saudi performance management system	148
Table 4.3: Learning and Growth Perspective.....	151
Table 4.4: Understanding the current performance management system ...	156
Table 4.5: How performance management is perceived by 'you'	159
Table 4.6: Examining the Learning & Growth Perspective of the Balanced Scorecard.....	162

Chapter Five

Table 5.1: Understanding of the current performance management system – from the perspective of managers and employees	187
Table 5.2: The contribution of the PMS to managers and employees	211
Table 5.3: The learning and growth elements in the current performance management system – employees	225
Table 5.4: The learning and growth elements in the current performance management system – managers	226
Table 5.5: KMO and Bartlett Tests for Managers	228
Table 5.6: Results of the extraction of the component matrix (22 variables)	229
Table 5.7: Rotated component matrix (22 variables).....	231
Table 5.8: Results of the extraction of the component matrix (21 variables)	232
Table 5.9: Rotated component matrix for managers (21 variables).....	233
Table 5.10: Variables and loadings for the motivation system factor – managers	234
Table 5.11: Variables and loadings for the employee satisfaction factor - managers	238
Table 5.12: Variables and loadings for the human capital factor – managers	240
Table 5.13: Descriptive scores for the new variables – managers	244
Table 5.14: Rotated component factor matrix for employees.....	245
Table 5.15: Rotated component matrix for managers (22 variables).....	247

Table 5.16: Variables and loadings for the ‘Human Capital’ factor - employees.....	249
Table 5.17: Variables and loadings for the ‘Information Capital’ factor – employees.....	251
Table 5.18: Variables and loadings for the ‘Employee Satisfaction’ factor - employees.....	252
Table 5.19: Descriptive scores for the new variables – employees	256
Table 5.20: Descriptive scores for managers and employees (new variables)	256
Table 5.21: Independent sample t-test for managers and employees (new variables)	257

List of Figures

Figure 2.1: Map of Arabian Peninsula	195
Figure 2.2: Percentage Distribution of Total Employment by Level of Education and Nationality	25
Figure 2.3: Distribution of Public Sector Workers by Type of Job	26
Figure 3.1: BSC Perspectives	41
Figure 3.2: BSC Model	43
Figure 3.3: BSC Customer Perspective.....	53
Figure 3.4: BSC Internal Perspective.....	55
Figure 3.5: BSC Adapted for Public Sector Application	62
Figure 5.1: Scree Plot for Component Analysis	229

List of Abbreviations

BSC	Balanced Scorecard
CDSI	Central Department of Statistics and Information
CEO	Chief Executive Officer
CIA	Central Intelligence Agency
CRM	Customer Relationship Management
CT	Control theory
DPMS	Development performance management system
EFQM	European Foundation for Quality Management
EPS	Earning per share
ERP	Enterprise Resource Planning
ES	Employee Satisfaction
GPRA	Government performance results Act
GST	Goal setting theory
HC	Human Capital
HR	Human Resource
HRD	Human Resource Development
IC	Informational Capital
ICT	Information and communication technology
IMF	International Monetary Fund
KM	Knowledge Management
KPI	Key Performance Indicators
KSA	Kingdom of Saudi Arabia
LGP	Learning and Growth Perspective
MEP	Ministry of Economy and Planning
MF	Ministry of Finance
MS	Motivation System
MSC	Ministry of Civil Service
NBNQ	Malcom Baldrige National Quality Award
NPGO	Non-profit government organisations
NPM	New Public Management
OC	Organisational Capital
OD	Organisational Development
PESTLE	Political, economic, social, technological, legal and ecological.
PMS	Performance Management System
PR	Public Relations
R&D	Research and development
ROI	Return on investment
SCM	Success case method
SCT	Social cognitive theory
SEA	Service Efforts and Achievements
SFO	Strategy Focused Organisation
SHRD	Strategic Human Resource Development
SPSS	Statistical Package for Social Sciences
SWAT	Strengths, weaknesses, opportunities, and threats.
T&D	Training and Development
TBL	The Triple bottom line
UK	United Kingdom
USA	United States of America
ZPD	Zone of proximal development

CHAPTER ONE: INTRODUCTION

1.1 Overview

In this continuously globalising, interactive, electronically mediated, competitive and changing world, governments and organisations are compelled to achieve ever higher standards of performance that enable them to face the challenges and obstacles present in transforming working environments (Akçakaya, 2010). Rapid and continuous developments in information and communication technology (ICT), transnational financial crises precipitating shrinking budgets, and other effects of globalisation, including the increased knowledge and expectations of the public, have put governments and organisations under pressure to demonstrate their ability to manage their employees' performance towards achieving their goals and meeting the public's high expectations. In the contemporary age, governments and organisations have to know how to manage their performance in ways that reflect their strategic goals. Consequently, performance management has become a significant corporate issue in both the public and private sector and within both developed and developing countries.

The Kingdom of Saudi Arabia (KSA) is no exception, as demonstrated by the growing interest the Kingdom is showing in improving its institutional performance management system (PMS) and, more importantly, developing the people who are running the system. This is evidenced in the country's two latest five-year development plans, in which the Saudi government focuses on human development in order to achieve greater professionalism, efficiency and effectiveness within its departments (Al Hosis et al., 2012; Onsman, 2011; Al-Yahya, 2010). One such event took place in September 2011, when Professor

Robert Kaplan, one of the originators of the BSC, was invited by the Saudi government to give a speech about the performance management system to the Kingdom's senior public servants.

The BSC was developed with the aim of translating organisations' strategies into action by utilising four perspectives: financial, customer, internal business processes, and learning and growth, in order to measure effectiveness in achieving objectives. The perspectives involve intangible as well as tangible assets. Drucker (1999) notes that tangible assets, such as buildings, products and equipment, were the most valuable assets in the 20th century, while intangible assets, including knowledge, workers and their productivity, are the most valuable assets in the 21st century. Originally known as the innovation and learning perspective (Kaplan & Norton, 1992), but later renamed the learning and growth perspective (LGP), the LGP is fundamental to the BSC. Kaplan and Norton assert that the LGP *"is the foundation of any strategy"* (2001a, p. 4).

The LGP *"identifies the infra-structure that the organisation must build to create long-term growth and improvement"* (Kaplan & Norton, 1996a, p. 63). Despite it being at the heart of performance management strategy, the LGP is recognised as *"the weakest link in a strategy map and Balanced Scorecard"*, with little theoretical attention and poor strategic alignment in practice (Kaplan, 2010, p. 22). Given the salience of knowledge, particularly in its tacit form, and the importance of human development to organisational performance, this research focuses on the learning and growth perspective (LGP) in the Saudi public sector.

It investigates the readiness of the KSA public sector to implement the LGP, albeit with modifications, within its performance measurement systems (PMS). Moreover, given the focus on effectively utilising and improving the performance of knowledge and other workers, the research examines the LGP within the PMS in the Saudi public sector. The primary contribution of this study is that it provides empirically generated new and important knowledge regarding the literature on SHRD, PM, the BSC and the LGP within the Saudi public sector's cultural and institutional setting; this differs from the Western context in which the vast majority of the SHRD, PM, BSC and LGP studies have been carried out. Specifically, the study contributes to knowledge by determining the extent to which respondents (employees, managers and top management) understand the notion of performance management, and, more importantly, how they conceptualise the LGP of the BSC, through the identification of the underlying dimensions of the LGP. The research also makes some methodological contributions through the development of a valid and reliable summated rating scale that can be used to measure the LGP.

1.2 Research Topic

This study's research topic is concerned with investigating perceptions towards learning and growth within the Saudi Arabian public sector in order to assist in assessing the sector's readiness to implement the LGP.

1.3 The Aims and Objectives of the Study

This research investigates the readiness of the Saudi Arabian public sector to implement the learning and growth perspective (LGP) of the balanced scorecard (BSC). Its aim is to develop a comprehensive and holistic understanding of the current performance management system in the Saudi Arabian public sector from a strategic human resource development (SHRD) point of view. As a result, this study has four objectives:

1. To establish Saudi Arabia's public sector managers' and employees' understanding of performance management systems within the context of SHRD
2. To understand how performance management is experienced and perceived by Saudi Arabian public sector managers and employees.
3. To assess the readiness of the Saudi Arabian public sector to implement the learning and growth perspective in the context of the current performance management system.
4. To improve the understanding of approaches to the learning and growth perspective in different institutional and cultural settings, particularly in the Saudi Arabian public sector.

1.4 Research Questions

The following research questions (RQ) were formulated to address the aims and objectives of the study:

RQ1: How do Saudi Arabia's public sector managers and employees understand the term 'performance management system'?

RQ2: What are Saudi Arabia's public sector managers' and employees' experience and perception of performance management?

RQ3: To what extent is the Saudi Arabian public sector ready for the implementation of the LGP of the current PMS?

RQ4: Given an understanding of the above (RQ1 to RQ3) and with reference to the Saudi Arabian public sector, what improvements can be made towards a better understanding of the LGP in a different cultural setting?

1.5 Research Methodology

Underpinned by post-positivism's critical realism research philosophical perspective, this thesis adopted a multi-method data collection approach, whereby detailed semi structured interviews and a structured questionnaire were used as two types of data collection methods to address the issues raised. Three government ministries that have key roles in the implementation of the LGP of the BSC were selected for this study. These are: the Civil Service Ministry, the Ministry of Finance, and the Ministry of Economy and Planning. First interviews were conducted. For each ministry, the respondents were the deputy minister (who is the CEO of the ministry), and the head of human resources. Issues at the strategic level were also addressed using these interviews with top civil servants. Issues relating to the understanding and perceptions of PMS, PM and LGP were addressed by way of a structured questionnaire, where managers and employees were surveyed using basically the same structured questionnaires, but with slight

adaptations in questions where managers' and employees' responsibilities were referred to. Key themes were identified using the results from the interviews and the questionnaires, while factor analysis was used to identify the underlying conceptual dimensions of the LGP.

1.6 Significance of the Study

An extensive literature search revealed that there is a paucity of studies concerned with the BSC as a PMS in the KSA public sector and, more particularly, the readiness and implementation of the LGP. However, the Saudi Arabian government has been showing increasing interest in improving its performance management systems and, more specifically, in implementing the BSC. Moreover, the founders of the BSC, Kaplan and Norton, contend that *“real – and revolutionary – opportunities lie in studying and assessing how well prepared a company’s people, systems and culture are to carry out strategy”* (2004, p.1). Consequently, investigating the preparedness of the Saudi public sector for the BSC in general, and the LGP in particular, is of both academic and functional significance.

Although the BSC was developed by Norton and Kaplan (1992) for use in the private sector, Kaplan (2001) claims that, with some modifications, the BSC is also applicable to the public sector. Most BSC implementation success stories have been in Western countries. Therefore, a study of LGP implementation in a culturally distinct nation such as Saudi Arabia may offer additional insight into the efficacy of the PMS tool in organisational cultural settings outside of the

West. Furthermore, the founders of the BSC maintain that the implementation of the BSC has to be tailored to meet environmental particularities. Thus, by examining the readiness for LGP implementation in the Saudi Arabian public sector, this study provides empirical evidence of the applicability of implementing the LGP within institutional and cultural contexts for which the PMS tool was not specifically developed.

1.7 Importance of the Learning and Growth Perspective

Person (2013) contends that the LGP is perhaps the most important of BSC perspectives, as it is the basis upon which the others are premised. Furthermore, BSC metrics can be demarcated by a dyadic typology of leading and lagging. The former refers to the forces impelling BSC objectives, whilst the latter are the results emanating from the objectives. Additionally, Person (2013) describes the LGP as completely leading, the financial perspective metric as completely lagging, and the other two perspectives being comprised of both leading and lagging (see Table 1.1).

Table 1.1: Leading and Lagging Measures of the BSC Model

Perspective	Type of Measure
Financial	100% lag (result)
Customer	Mix of lead and lag
Internal Operations	Mix of lead and lag
Learning and Growth	100% lead (driver)

Source: Person (2013, p. 74).

The LGP is foundational to the BSC, as it is integral to driving the other BSC perspectives. Learning and growth fulfils a multiplicity of functions. These include furnishing employees with capability and performance, enhancing knowledge, improving performance management efficacy and contributing to the extrinsic motivation and commitment of employees. Taken together, organisations that implement the LGP progressively are better able to get greater engagement and effort from employees who have high levels of satisfaction and engagement, and are, as a result, more likely to perform at levels resulting in the attainment of corporate performance targets in relation to productivity, customer relationship management (CRM) and customer satisfaction.

In addition, increased employee knowledge and skills acquisition and awareness of growing and evolving technologies also lead to an increase in the organisational knowledge base. In turn, this should result in a wider range of the workforce members contributing more effectively to organisational efficiency. The transmission and acquisition of knowledge of non-technology factors, such as communication and team skills, is also likely to be of organisational benefit. Ensuring the availability of sufficient time and resources for human resource development should contribute to organisational efficiency and productivity by continuously improving employee performance. Considering all these points, a number of commentators propose that learning and growth should be an integral part of the organisational performance management strategy. For example, Lee's (2010) study on the role of research and development activities in firms notes that the knowledge capital and technological competencies of firms increased their

overall growth. Similarly, Ayse et al.'s (2011) investigation into the role of innovation in providing a competitive advantage to firms, finds that knowledge, management and learning are the biggest drivers for a firm's innovativeness, which in turn helps its growth and profitability. This view is corroborated by Yang (2012), who states that the growth of a firm depends on its innovation capabilities, which in turn are dependent on its knowledge levels. It is evident from these studies that researchers consider the LGP as integral to organisational success and competitive advantage.

These findings add credence to the view that the LGP is arguably the most important of the four perspectives of the balanced scorecard model and, therefore, imperative for the success of the model as a whole. However, firms often tend to develop or implement this strategy at the end, overburdening the intellectually drained employees and thus setting themselves up for failure (Niven, 2011). Since the LGP drives the objectives of the BSC model and the other perspectives, it is a better strategy for organisations intending to implement BSC to test their readiness and the probability of success by beginning with LGP implementation and thereafter proceeding to the other dimensions sequentially.

1.8 Contributions of the Research

Adding to the knowledge of the BSC through examining readiness to implement the LGP in the specific institutional and cultural contexts of KSA, the study makes significant contributions at both academic and practitioner levels. Moreover, the additional empirical and theoretical knowledge generated by this

study may help the Saudi government in its aim to implement the BSC within its public sector PMS. Finally, the study is of personal significance to the researcher in increasing both tacit and explicit knowledge as well as practical expertise.

As noted earlier, PMS are a key element in modern public sector governance. As a result, many developed and developing countries have introduced the BSC model as a means of measuring and managing organisational and individual efficiency. However, there are only a few studies regarding performance management in general, and the BSC in particular, in the context of Saudi Arabia's public sector. Thus, this research adds to the literature and contributes to knowledge by identifying the extent to which the Saudi Arabian public sector is ready to implement the LGP, the main driver of the BSC; it examines the BSC from the SHRD viewpoint, which may help the Saudi government to set up the foundations to implement the BSC within its system. It develops a comprehensive and holistic understanding of the current PMS in the Saudi Arabian public sector from an SHRD view point. The research contributes to both the broad academic debate as well as allowing for practical insights into the applicability of the BSC in the Kingdom and in a public sector setting. Academically, the research adds to knowledge of the understanding of PM and the conceptualisation of the LGP in public sector organisations. Notwithstanding the academic and theoretical gains in knowledge, this research is also directly relevant for practitioners who may want to determine competency gaps, by using the newly developed LGP measurement tool, and this can be extended to the wider economy. The Saudi government is engaged in an extensive reform programme to increase the Kingdom's national

competitiveness. Effective performance management and measures are essential for this endeavour.

Empirical research into the implementation of the BSC as a performance management tool in the Saudi public sector is directly relevant for policy makers and managers alike. The research chooses to focus on the Saudi public sector, as it is the most important sector in the Saudi economy. Nonetheless, some of the findings may be transferrable to private organisations in the Kingdom.

In relation to the PMS, the study identified the major theme ‘Understanding of the current performance management system in the Saudi public sector from employees’ and managers’ perspectives, and five subthemes:

- (i) Levels of knowledge regarding the overarching strategy of the ministry;
- (ii) The link between strategic objectives and employee objectives and performance;
- (iii) The effectiveness of HR strategy in support of the organisation’s objectives;
- (iv) The application of performance management;
- (v) The perceived impact of performance management on performance and on relationships between managers and employees.

The main theme identified in relation to PM perceptions and experience was, ‘Understanding how the managers and employees perceive the performance management system’, and it had three subthemes:

- (i) Contribution/usefulness of performance management to managers and employees;
- (ii) The effectiveness of the PMS;
- (iii) Obstacles to the effectiveness of the PMS.

The study highlighted the inefficiency and ineffectiveness of the current PMS in the Saudi public sector. This was demonstrated by the disparity between executives, managers and employees in their levels of understanding of PM. In particular, the respondents did not clearly understand the link between strategy and PM, and key issues relating to the effectiveness of training were raised. The differing levels of understanding of PM between managers and employees compromised the application of PMS. The usefulness of this finding lies in the fact that it raises the issue of the importance of the need to explore how PMSs work in different institutional and cultural settings, and it also adds to the understanding of the critical success factors that are needed to successfully implement the BSC in the Saudi public sector and similar contexts. There are, however, also some successful elements of PM, typically that the PM processes set up by the ministries are effective, and PMSs are contributing in relation to the improvement of communication between managers and employees and to building strong relationships between the managers and employees. In addition, while both managers and employees understood the concept of PM, on balance there was a well-established gap in the level of understanding, with managers showing a higher level of understanding than the employees, although this tended to vary depending on the specific items. This highlights the fact that, while there

are successful elements of PMSs in practice, the current PMSs still needs significant adjustments for LGP to be successfully implemented.

The study also identified the main obstacle to PMS; these include bureaucracy, poor salaries and ‘over regulation’. Efforts to reduce the obstacles were also perceived as being inadequate. While both managers and employees did not have much faith in the effectiveness of performance management, on balance managers were significantly more pessimistic than employees. The main reason for a lack of trust in performance appraisal schemes was that these were considered to be unfair and biased. Hence, unless this negative perception changes, it is highly likely that this will negatively affect the successful implementation of the LGP.

A major and novel contribution of this study relates to the identification of the underlying conceptual dimensions and the development of a valid and reliable LGP measurement tool. It can be argued that this is possibly the most significant contribution of this study. This is because the LGP measurement tool which has been created is a methodological contribution, as well as being a tool that can be used by both future researchers and practitioners to establish the gaps in the understanding of the LGP. All the key architects of the BSC (Kaplan and Norton, 1992, and Niven, 2006) who attempted to develop the LGP measurement tool, used only empirical and anecdotal evidence from a few studies to suggest the underlying dimensions of the LGP, raising crucial issues regarding the validity and accuracy of what is considered the most important driver of the rest of the BSC perspectives. The LGP measurement tool developed (using principal component analysis) in this study produced an empirically generated, valid and

reliable LGP measurement tool which explained 72% of the cumulative variance, accompanied by high coefficient alpha values for reliability. The dimensions identified were: Motivation System (MS), Employee Satisfaction (ES), Human Capital (HC), Information Capital (IC) and Relationship. This tool will enable researchers and practitioners to operationalise the LGP and hence provides a more reliable understanding for researchers of the literature on SHRD, PM, the BSC and its LGP. The tool also enabled this study to analyse the dimensions, and was able to show some important weaknesses, which indicates that the ministries are not fully prepared for LGP implementation.

Another major contribution of this investigation relates to the relevance of the context in relation to the implementation of the BSC. From this study's evidence, it can be concluded that Kaplan and Norton's (1992) version of the LGP cannot be applied to the Saudi public sector *per se*; it is necessary to adapt it to the Saudi context for various reasons. For example, the West (typically the USA) tends to be more devolved and to give more responsibility to managers, while the reporting system in Saudi public sector is strictly hierarchical.

Finally, this research has also opened up a new subfield in academic knowledge in relation to PMSs - the enhancement of deficient and non-strategic approaches to learning and growth in the Saudi Kingdom and the wider Arabian Gulf Peninsula region. The results, discussion and conclusions contained herein should provide useful material upon which future studies into these subjects in the KSA and Arabian Gulf Peninsula region can draw.

1.9 Structure and Organisation of the Study

Following this introductory chapter, Chapter Two provides a background to the Kingdom of Saudi Arabia, while Chapter Three provides a critical review of literature related to the BSC, the LGP, SHRD and performance management. Chapter Four describes the research methodology used herein. Chapter Five presents the research findings, and Chapter Six discusses the empirical research findings. The final chapter (Chapter 7) contains the conclusions drawn from the study and discusses the implications of the research findings.

CHAPTER TWO: BACKGROUND TO SAUDI ARABIA

2.1 Introduction

This research aims to investigate the readiness of the Saudi public sector to put the LGP into operation. More specifically, the preparedness of CEOs, HR professionals, managers and employees to implement the system at three Saudi ministries, is evaluated. To understand the specific economic, social, cultural and religious factors impacting on individuals working in and with these organisations, it is necessary to take a closer, inside view of the background and culture defining the country. The objective of this Chapter is to introduce the reader, not familiar with the country of Saudi Arabia, to its geographical place and culture. It further provides an overview of the ministries used as empirical research. The Chapter is divided into four sections: 1) General background of Saudi Arabia; 2) Saudi business culture; 3) The economic setting; and 4) Background of the ministries.

2.2 Background to Saudi Arabia

The Kingdom of Saudi Arabia (KSA) has a strong and distinctive culture and is often described as the heartland of Islam (Al-Sadan, 2000). It is the location of Mecca and Medina, the two most holy mosques and places of worship for Muslims around the world. Founded in 1932 by King Abdulaziz Al-Saud joining different tribal sub-states into a unified country, the Kingdom gained international attention after the discovery of oil in 1938. Although Saudi Arabia achieved wealth as a rentier state (Mazawi, 2005), the Kingdom has recently undergone

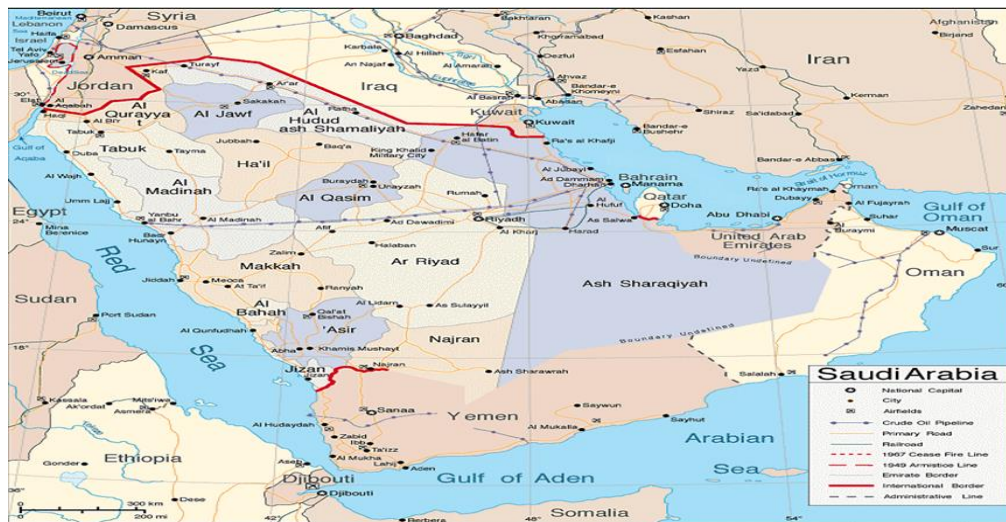
considerable reforms to expand its industry and increase its competitiveness in a globalised knowledge-based economy (Morgan, 2010).

The Kingdom is located in the south-western part of the Asian continent, and it is approximately a quarter of the size of the United States. With an area of approximately 2,150,000 square kilometres (830,000 square miles) Saudi Arabia is the largest country on the Arabian Peninsula (see Figure 2.1). According to the Ministry of Economy and Planning (2013), more than half of the total area of Saudi Arabia is covered by desert. Stretching along the Kingdom's western coast is a narrow hinterland with a series of mountains lying parallel along the coastal plain of the Red Sea. Facing the east is the Arabian Gulf, with a low-lying piece of land called Al-Hasa. The mountainous regions of the west are blessed with large deposits of both natural and mineral resources, such as sand, gypsum, and limestone, while in the east there is the richest oil reservoir in the world. Due to the diverse topographical features of the Kingdom of Saudi Arabia, the climate tends to vary from one region to another. As a result, some of the subtropical regions are usually hot in summer (50 degrees Celsius) and cold in winter, with temperatures dropping down to freezing. The west and south-western part of the Kingdom experience very moderate climates.

KSA is made up of thirteen administrative regions, with each region divided into governorates. Every governorate is further subdivided into localities that are administratively connected with the governorate or the emirate. A number of

population settlements are also linked administratively to the emirate, the governorate or the locality (CDSI, 2012).

Figure 2.1: Map of Arabian Peninsula



Source: <http://www.the-saudi.net/saudi-arabia/saudi-map.htm>.

According to the Central Department of Statistics and Information (2012), the population of the KSA was 27,136,977 in 2010, with the average growth rate of the total population between 2004 and the 2010 census standing at 3.2%. The Saudi population, according to a 2010 census, is 18,707,576, with the average growth rate of the Saudi population between the 2004 and 2010 censuses being 2.21% (CDSI, 2012).

The official, native and traditional language of KSA is Arabic, which is also the language of the Holy Quran. The language has been selected by Royal decrees as the sole and unique language to be used both in the government and for private correspondence, with English being the second language taught in schools and

used in the Kingdom. The legislation of all laws, criminal or civil, administers every legal interaction and is subject to the doctrines and teachings of Islam. The laws that direct the Kingdom of Saudi Arabia are based on or stem from the Islamic Religion, 'Sharia' and the Prophet's teachings, 'Sunnah'. These principles and teachings are firmly enshrined into the fabric of social norms and traditions and influence all other elements of life. These are considered by the Saudi population to be the constitution and methodology of life.

Public and bank holidays in the Kingdom are based on Islamic religious teachings, such as the Islamic 'Eid' holidays. Amongst these official, annual holidays is the holiday of 'Eid Al Fitr', which takes place at the end of the fasting month of Ramadan and normally runs for a week. The next is 'Eid Al Adh'ha', starting five days before the first day of the 'Eid' and usually taking up to ten days. These holidays are respected by all private and public organisations such as government ministries and their departments, schools, and universities for a limited period of between three to four days. Meanwhile, weekly holidays for government departments, schools and universities are usually just two days, namely Friday and Saturday (Alsheraimy, 2006).

A significant influence on Saudi life is its tribal background. A previous study by the researcher regarding the effectiveness of performance appraisal in the Saudi ministry of the civil service, revealed that the system of nepotism (wastah), on which most Saudis rely for employment and promotion, is a critical element in the performance management process. Furthermore, Alsheraimy (2006, p. 3) states

that tribal ties and friendship are considered more important than an organisation's vitality. He notes that managers "*seek to employ and promote the maximum number of members of their tribe and relatives*". According to Alshareef (2005), the tribe system may affect all the actions of individuals within organisations in KSA. Thus, this study reviews a critical element in the BSC and the LGP, which mostly relates to the people who are running the system of performance management in the Saudi public sector.

2.3 Saudi Arabian Business Culture

Cultural awareness has the potential to improve communication between employees and employers (Hofstede, 2013). However, cross cultural management can also create conflict rather than synergy (Rivera-Vazquez, Ortiz-Fournier & Flores, 2009). Hofstede's four cultural dimensions help to explain the differences in power distance, uncertainty avoidance, individualism, and collectivism between countries and can be successfully applied to Saudi Arabia (Hofstede, 1984; Hofstede, 2001; Hofstede, 2013). Table 2.1 provides a comparative illustration of the four dimension scores for Saudi Arabia, the USA and the UK.

Table 2:1: Hofstede’s Four Cultural Dimensions Scores for KSA, UK and USA in Comparison to Highest and Lowest Country Score

Cultural dimension	KSA	UK	USA	Highest Country Scores	Lowest Country Scores
Power distance	80	35	40	Malaysia and Slovakia (104)	Austria and Australia (11)
Uncertainty avoidance	68	35	46	Greece (112)	Singapore
Individualism	38	89	91	USA (91)	Guatemala (6)
Masculinity	52	66	62	Slovakia (110)	Sweden (5)

Source: Hofstede, 2013 from (www.geert-hofstede.com).

One example of the cultural differences between Middle Eastern countries, such as Saudi Arabia, and Western countries, such as the USA and UK, is the symbolism of ‘handshakes’ in negotiations. Negotiators in Western countries aim to agree on a target of mutual understanding and ‘shake-hands’ when an agreement has been reached. A handshake signifies the end of negotiations and the start of collaboration. In Middle Eastern countries negotiations are conceived to lead to an ‘agreement’ to talk, which is finalised by shaking hands. Yet, other than in Western societies, a handshake does not necessarily denote a fixed agreement, but is a signal that serious negotiations are about to begin (Hofstede, 2013).

2.4 Economic Setting

Economically, Saudi Arabia is a leading oil producer, with more than 20% of the world’s known oil reserves. As a consequence, it plays a leading role in the

Organisation of Petroleum Exporting Countries (OPEC), with its oil sector accounting for 75% of budget revenues, 45% of GDP and 90% of export earnings (CIA, 2015).

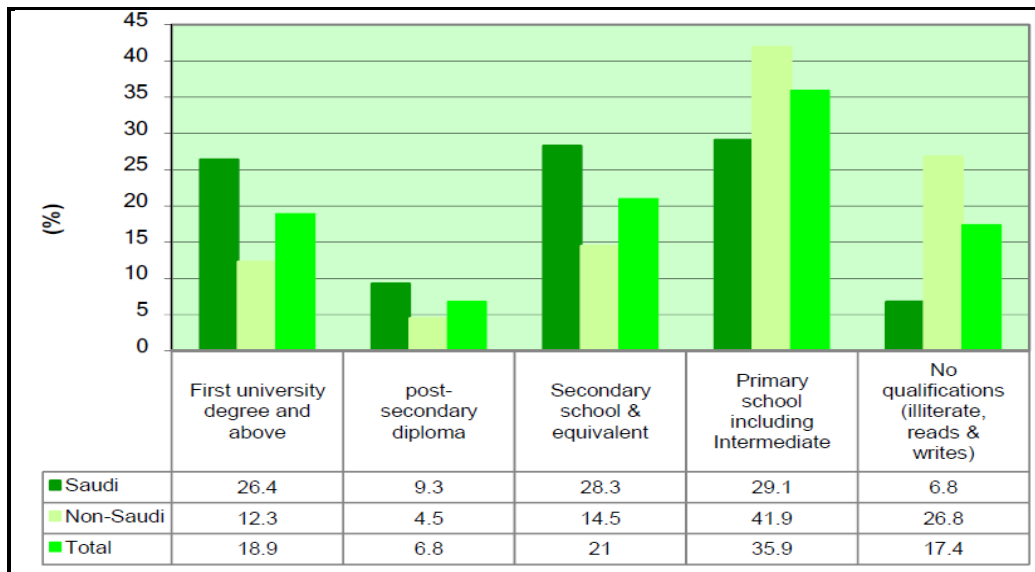
Based on statistics from the Ministry of Economy and Planning in 2012, the labour market has experienced a boost in total employment from approximately 7.18 million employees in the year 2004 to approximately 8.02 million employees by the close of 2008, hence projecting a 2.8% average annual growth rate. The Saudi employment market consists of 3.76 million employees, representing 46.9% of total employment, compared with 45.9% in 2004. The female population makes up 12.8% of total Saudi employment. The rise in employment is a result of the creation of 836,800 new jobs; Saudi nationals, constituting of 54.8%, occupied 458,500 of them. According to Al-Taweel (1995), employment in the Saudi public sector has grown faster than in other areas. As a result, the government has focused on developing its civil servants and the service provided to its citizens by establishing the civil service ministry, responsible for all employees in government bodies. Foreign workers play an important role in the Saudi economy, numbering approximately 5.5 million. While most foreign workers are employed in the private sector, the indigenous labour force is largely employed in the public sector (Madhi and Barrietos, 2003, p. 70).

With regard to the distribution of employment being in accordance with the educational level attained, the percentage of those without qualifications was approximately 17.4% of the entire employed population in 2008 (see Figure 2.2).

The percentage amongst expatriates was higher and stood at approximately 26.8%, compared with 6.8% for Saudi Arabian nationals. Approximately 26.4% of total Saudi workers had at least a first degree, compared with 12.3% of expatriates.

Considering the distribution of the total employment population according to main occupational group, the percentage ranged from approximately 30.6% for clerical employees, to approximately 2% for industrial, chemical and food industry workers. Most of the Saudi employees were concentrated in the service sectors, which makes up 34.6% of total employment. This is followed by scientific, technical and humanities sectors at approximately 18.4%. At the other end of the spectrum, less concentrated sectors consisting of the industrial, chemical and food sectors, have almost exclusively expatriate employees. Basic engineering auxiliary sectors of employment employ approximately 36.2% of the total expatriate employment population.

Figure 2.2: Percentage Distribution of Total Employment by Level of Education and Nationality

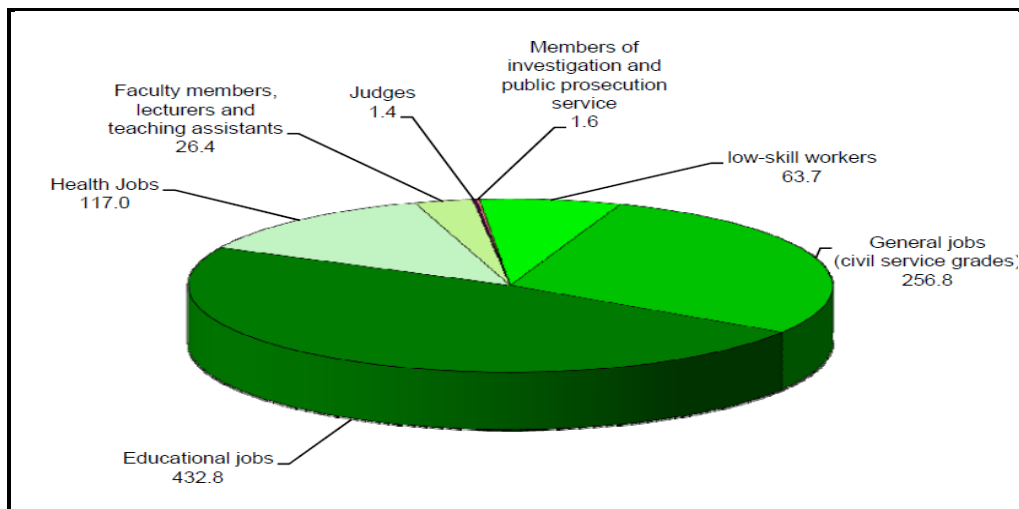


Source: Central Department of Statistical and Information, and Ministry of Economy and Planning (2008).

Based on the 2008 statistic on graded and skilled jobs in the public sector – not taking into consideration direct employment and others – the total employed population amounted to approximately 899,700. 827,800 of these were Saudi nationals, with 275,100 Saudi nationals being female. The total number of workers in graded jobs in the public sector stood at approximately 256,800, with Saudi nationals making up 97.8%; the number of those in skilled jobs was approximately 579,200, with Saudi nationals forming 88.6%; and the number of non-skilled workers was approximately 63,700, with 99.7% being Saudis (see Figure 2.3). The above figures portray a very high degree of ‘Saudisation’ (substituting non-Saudis with Saudi employees) in the public sector as a whole, although in the near future some employment will still demand the recruitment of expatriates, especially in the education and health sectors. By means of job

creation and substitution, the practice of Saudisation of jobs within the public sector was increased and developed. Towards the end of 2008, the net rise in graded, professional, and low-skilled jobs was approximately 136,400, out of which 133,300, or 97.7%, were occupied by Saudi nationals. Based on the increase in graded, professional and low-skilled jobs, 44,100 (83.6%) jobs were occupied by Saudi females, which then made up a total of 52,800. The recruitment of expatriates within the public sector rose by approximately 3,100; however 1,800 jobs initially filled by expatriates were given to Saudi nationals, with females receiving a 5.5% share, as part of the Saudisation process.

Figure 2.3: Distribution of Public Sector Workers by Type of Job



Source: Ministry of Civil Service, 2008.

2.5 Management in the Saudi Public Sector

The public sector is responsible for providing citizens with goods and services. However, with the increasing expectation of the general public, governments are forced to improve their performance in order to compete with the private sector

and in order to satisfy its citizens with the service it provides. The Saudi public sector is not an exception to this rule.

Saudi Arabia is a monarchic government defined by a specific economic, social, cultural and religious context, in which adherence to the Quranic philosophy and practice is sacrosanct. *“Theoretically, religion and the state are one, and the Saudi constitution is the Quran. The law is Sharia (the totality of the religious and moral laws of Islam) law”* (Cameron *et al.*, 1983, 755, quoted in Al-Sadan, 2000, 143). Guided by Islamic teaching and practice, government business is implemented by a Council of Ministers presided over by His Majesty the King of Saudi Arabia (Ministry of Information 2004).

Despite its strict adherence to Sharia law, Saudi Arabia is on a trajectory between tradition and reform. Following a decree in 1988, the Saudi public sector was subjected to significant reforms establishing Administrative Development Departments (ADD) in every public organisation. The decree initiated a system requiring all public sector departments to report directly to the head of the respective public organisation, ensuring all ADDs function efficiently. Developing effective administrative systems and improving the Saudi public sector workforce are the main responsibilities of these departments (Alsheraimy, 2006).

Furthermore, in 2007 the Saudi government implemented the King Abdullah scholarship programme, the largest scholarship programme in the history of the

country, and, most likely, worldwide. The programme aims to send qualified Saudi nationals to study at elite universities in various countries around the world, promoting a high level of academic and professional standards through the scholarship programmes, exchanging scientific educational and cultural expertise, building qualities and professional Saudi cadres in the work environment, and developing and raising the level of vocational professionalism (The Saudi Ministry of Higher Education, 2013). These programmes have the potential to have an impact on Saudi society and influence management practice in Saudi organisations, thereafter helping to accelerate the development wheel in the Saudi public sector. The next section will discuss the background of the ministries used in this research.

2.6 Ministry of Civil Service

Policy interest in the status of the Saudi civil service is not recent. The principles of its management were established by King Abdulaziz, with its incorporation and the issuance of fundamental instructions to the country in 1927. These principles included general rules for organising the affairs of government employees in order to fit with the prevailing administrative position at this time. Followed by various stages and steps, the civil service developed into its current state, as indicated in Table 2.2 below.

Table 2.2: The Development of the Ministry of Civil Service

Date	Event	Significance
1927	Principles of Saudi Civil Service management established.	Incorporation of service by King Abdulaziz, with issuance of fundamental instructions.
1929	<i>Central Unit</i> created to review the affairs of government employees.	Start of central registration of employees' documentation and conditions of service.
1939	<i>Central Department of Employees</i> (known as the Department of Registrars & Required Revenues).	Transfer of authority to <i>Ministry of Finance</i> .
1945	<i>Employees' General System</i> established.	The first system specifically designed for government employees.
1953	<i>Employees' General Department (EGD)</i> designated the competent authority concerning employees' affairs.	A development consequent on the establishment of the <i>Council of Ministers</i> .
1963	Ministerial status accorded to Head of Department (HoD) by resolution of the Council of Ministers.	Defined the scope of EGD and established line management, with HoD reporting directly to the Presidency of the Council of Ministers
1965	General Royal Decree.	EGD authorised to supervise general incorporations and review occupational matters.
1970	Resolution 16 of the <i>Higher Committee for Administrative Reform</i> ,	A new <i>Organisational Framework</i> established EGD as the supervisory authority for the affairs of all civil servants.
1977	<i>Civil Service Council</i> created by royal decree (M/48).	Civil Service became <i>independent legal authority</i> , headed by the Prime Minister.
1978	Ministerial resolution.	Application of Civil Service system to employees of all general corporations.
1999	<i>Ministry of the Civil Service</i> established.	General Department of the Civil Service replaced.

Produced for the purpose of this research

In 1929, a new central unit was created to review the affairs of government employees. Public service posts were categorised into three levels and, consequently, a new position was created to undertake the registration of public servants. This stage was considered the beginning of a specialised stage for registrars to maintain a central register of employees' affairs and documents.

In 1939, the Central Department of Employees was created as part of the Ministry of Finance (called the Department of Registrars & Required Revenues). This was followed in 1945 by an essential development in the field of employees' affairs; the establishment of the first special system for government employees, known as the Employees' General System. In addition, the name of the Department of Registrars & Required Revenues was changed to the Employees and Retirement Department. In 1953, the administration of the Kingdom underwent a great change, as anticipated by the Public Service Requirements of the period. The Council of Ministers was established, and regulated that the Employees' General Department was the competent authority responsible for censorship of the system and the implementation of instructions concerning employees' affairs.

This was accompanied by the establishment of the Employees' System in the same year, and the attachment of the Employees' General Department to the Presidency of the Ministerial Council, rather than the Ministry of Finance. In 1963, in order to allow the Employees' Department to work properly, the Council of Ministers issued a resolution focusing on the development of the department; this was done in order to limit its scope and to raise the position of the Head of

Department to that of Minister, reporting directly to the Presidency of the Ministerial Council. A General Royal Decree was then issued in 1965, establishing the responsibility of the department to supervise general incorporations and to review occupational matters.

The developmental stages continued until the issuance of Royal Decree 3221, dated 13.02.1970, which gave effect to Resolution 16 of the Higher Committee for Administrative Reform, dated 08.04.1969, concerning the New Organisational Framework of the department as the supervisory authority for the affairs of all civil servants. A further major step in the development of the Civil Service occurred in 1977), with the issuance of royal decree M/48, dated 27.06.1977, which was designed to create a Civil Service Council and to agree on a system under which the Civil Service became an independent legal authority, headed by the Prime Minister. With the execution of these plans and the required programmes, as well as the issuance of the executive regulations of workers affairs in the civil service, its name was changed to the General Department of the Civil Service. This was followed by a ministerial resolution in 1978 which applied the Civil Service system to employees of all general corporations.

Many efforts have been made to develop the Civil Service; for example, Royal Decree 28A, dated 15.06.1999, established the Ministry of the Civil Service in order to replace the General Department of the Civil Service. Its duties are to supervise all Civil Service affairs in all government agencies; to suggest new civil service systems and their operations; to undertake and develop research in the

civil service field; to improve the efficiency of workers; to establish rules, classifications and special procedures for jobs; to set salaries, wages, allowances and compensation; and to participate in studies to identify posts that require upgrading in terms of conformity with the rules of employment classification. These aim to set the special procedures for keeping government employee registers, and to cooperate with the Employees' Affairs Department in order to identify the best ways of executing laws, regulations and resolutions pertaining to employees' affairs, in addition to pursuing employees' grievances with the competent authorities (MSC, 2013).

2.7 Ministry of Economy and Planning

KSA has a planning tradition spanning over 30 years. The formal planning process, which began in 1970, enabled the Saudi Government to make prudent decisions in the allocation and utilisation of its resources for development. During the last four decades, the Kingdom underwent tremendous transformation under eight development plans, which saw the rapid growth of income and living standards of the people, accompanied by dramatic improvements in social and physical infrastructure. While it may not provide direct services to citizens, this Ministry ensures that all government agencies work in a coordinated manner in order to achieve the priorities of their policy makers. As part of their directive, the Ministry:

- Prepares a periodic economic report on the Kingdom, featuring analysis of the economy, progress made and likely developments;

- Prepares five-year development plans;
- Estimates the magnitude of financial resources required for the implementation of the development plans approved by the Council of Ministers. These estimates form the basis for preparing the general state budget. In order to ensure consistency between the requirements of the general development plans and the available financial resources, the Ministry of Planning maintains continuous contact with the Ministry of Finance and National Economy for consultation and exchange of information;
- Conducts economic studies where required and submits its findings;
- Collects, analyses and publishes statistical data in economic, social and demographic fields, and carries out various statistical research required, as the Central Department of Statistics (CDS) is the sole source of statistical data in the Kingdom;
- Assists other government agencies in planning and statistical matters;
- Furnishes technical advice as mandated by His Majesty the King, and prepares and supervises implementation of the general population and houses census in the Kingdom; and
- Compiles and analyses the statistical data received from other government agencies in order to utilise such data in the production of various statistical bulletins (MEP, 2013).

2.8 Ministry of Finance

Based on instructions by the Kingdom of Hejaz that financial matters were to be managed by a finance directorate, a single entity in the form of a General Directorate of Finance was established on 14th October 1927. Royal Order No. 381 was issued on 14th May 1932, changing the name of the General Directorate of Finance to the Ministry of Finance, this thus becoming the second Ministry to be established, after the Ministry of Foreign Affairs. The Ministry of Finance was given the responsibility of regulating, managing and securing the collection of state funds, and its expenditure, and became the general authority for financial matters in the Kingdom of Hejaz and Nejd, and its subsidiaries.

In 1936, as the activities of the Ministry of Finance expanded in scope, a number of general directorates were established within the Ministry, including the Petroleum and Minerals Directorate, the Public Works Directorate, and the Customs Directorate, in addition to special bureaus concerned with corporations, development projects, cash, Zakah, revenue, and Hajj Affairs. The Personnel and Retirement Bureau was established in 1938, followed by the Agriculture Directorate in 1948, and, on 16 April 1955, a Communications Agency was established, which included the Electricity and Postal Directorates, and the Roads and Railway Authority. In order to meet the requirements of economic expansion, Ministerial Order No. 518 was issued on 9th August 1951, establishing a bureau to monitor economic affairs and issues relating to various international organisations established in accordance with Security Council resolutions and United Nations decisions, as well as official regional conferences.

Royal Decree No. 1697 was issued on 27th June 1953, establishing the Ministry of Economy which replaced the Bureau for Economic Affairs. Royal Decree No. 31 was issued on 4th September 1954, merging the Ministry of Economy and the Ministry of Finance into a single Ministry known as the Ministry of Finance and National Economy. Royal Order No. 2/A was issued on 1st May 2003, transferring responsibility for economic activity from the above-mentioned ministry to the Ministry of Planning, thus changing the name of the Ministry of Finance and National Economy to the Ministry of Finance, and the name of the Ministry of Planning to the Ministry of Economy and Planning. The Ministry's duties include:

- Supervising the implementation of the government's fiscal and monetary policy, and monitoring its implementation by the relevant agencies;
- Preparing the government's budget, discussing it with government agencies, and monitoring its implementation;
- Controlling the current accounts between the Ministry of Finance and all other government agencies;
- Monitoring the pre-disbursement phase of budgetary funds for all government agencies;
- Supervising government revenue collection activities and ensuring that they comply with the relevant rules and regulations;
- Supervising the annual closing of the government's accounts and expenditure;
- Supervising and protecting government properties;
- Representing the government in international and regional economic and financial institutions, monitoring international financial and economic developments, and preparing the necessary studies and reports;

- Implementing the government's resolutions with respect to external assistance; and
- Monitoring the implementation of the government's policy for providing loans to individuals and national corporations for various developmental activities through its banks and funds, including the Agricultural Bank, the Credit Bank, the Industrial Development Fund, the Real Estate Development Fund, and the Public Investment Fund (MOF, 2013).

2.9 Chapter Summary

KSA is an economically important country as it possesses the largest reserves of natural oil in the world. Additionally, it is home to two holy mosques, located in Mecca (where 1.5 billion Muslims are directed to pray up to five times a day) and Almadinah (where the mosque of the prophet Mohammed - peace from Allah be upon him - is based). It has a distinctive culture, with the tribal background impacting on many aspects of Saudi life, including management practice. This Chapter has discussed the economic setting of the country, including the rate of employment. The next Chapter presents this study's review of the academic literature.

CHAPTER THREE: LITERATURE REVIEW

3.1 Introduction

This chapter has four sections, each considering a major theme relating to this study's aim and objectives. The first focuses on conceptualising the BSC model, its design, implementation and application with particular reference to the important role played by the learning and growth perspective, and considers literature examining theoretical and practical considerations of adapting the BSC for use in the public sector. Although various criticisms have been made of the model, this section shows that it is still widely used and remains an important tool. The second section reviews literature relating to strategic human resource development (SHRD) and describes the relationship between the BSC and SHRD, before examining the importance of learning and growth in organisations.

As this study's second objective seeks to 'explore differences and similarities' in how PMS is perceived by different stakeholders (CEOs, HR professionals, managers and frontline employees, Section Three includes criticisms of the BSC. The final section explores literature on performance management (including the BSC) in different cultural and institutional settings, focusing on new public management (NPM), and the Saudi Arabian public sector, and comparing literature on the approach to performance management in different cultures.

3.2 The Balanced Scorecard

The BSC, a strategic performance management tool widely used by organisations to deliver a systemised means to evaluate corporate strategy, was devised by Robert Kaplan and David Norton and introduced in an article published in 1992 in the *Harvard Business Review*. The article's title, '*The Balanced Scorecard – measures that drive performance*', indicates the BSC's relevance, namely in relation to measurement and performance. The product of research into 12 highly performing US companies over the course of a year, Kaplan and Norton describe the BSC as "*a set of measures that give top managers a fast but comprehensive view of the business*" (1992, p.71). They stress the importance of measurement selection, claiming the BSC is more directed, relevant and accurate than existing, normative measures used in financial accounting, such as earnings-per-share (EPS) and return-on-investment (ROI), which sometimes produce ambiguous and/or confusing performance indicators which then lead to misguided strategic decision-making. The strengths of the BSC, Kaplan and Norton claim, lie in its ability to provide a multifaceted, comparable snapshot of performance, enabling senior management to see how different areas of the business are performing during any given time period (Kaplan & Norton, 1992).

The main goal of business is to generate profits for shareholders, so financial performance was the primary focus of the BSC, with other measures as complements. With the primary focus of the original BSC (Kaplan & Norton, 1992) clearly aiming to create shareholder value, an unwelcome outcome was, according to Smith (2005), lack of appreciation from other stakeholders, primarily

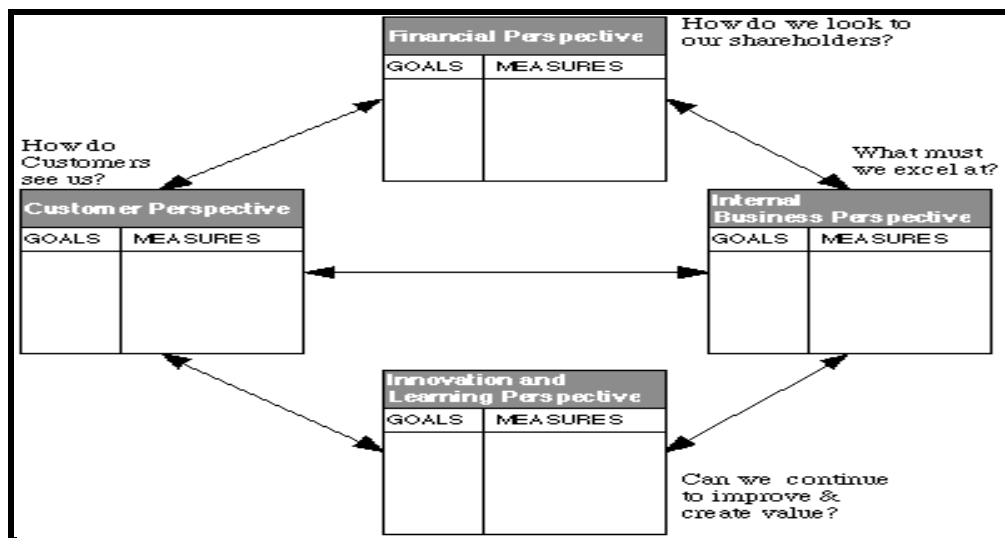
employees. Echoing this, Wicks and St. Clair (2007) are highly critical of the BSC, declaring that although including measures claiming to complement, balance and add to the financial perspective, the underlying purpose – delivering profits to shareholders – is undermined. This and other criticisms of the BSC model are reviewed more fully in this chapter's third section.

Kaplan and Norton (1992) found reliance on financial measures negatively affects companies' value-creation and often makes new businesses ineffectual. The BSC includes financial measures that show the results of actions already taken and complements financial measurement with operational measures of customer satisfaction, internal processes, and the organisation's innovation and improvement activities – the drivers of future financial performance (Kaplan & Norton, 1992). Thus, Kaplan and Norton's BSC extended performance management beyond measurements of financial targets which they thought did not always give an accurate picture of an organisation's performance (Radnor & Lovell 2003). Thus the BSC strives for holism in performance measurement and decision-making and is designed to provide senior management with a readily-available, across-the-board view of their business.

To provide a more balanced picture, the BSC uses four organisational perspectives, finance, customer satisfaction, internal processes, and learning and growth (see Figure 3.1), derived from answers to four strategically significant questions:

- How do customers see us? (Customer perspective)
- What must we excel at? (Internal perspective)
- Can we continue to improve and create value? (Innovation and learning perspective – later the learning and growth perspective)
- How do we look to shareholders? (Financial perspective) (Kaplan & Norton, 1992, p. 72).

Figure 3.1: BSC Perspectives



Source: Kaplan and Norton (1992, p.71).

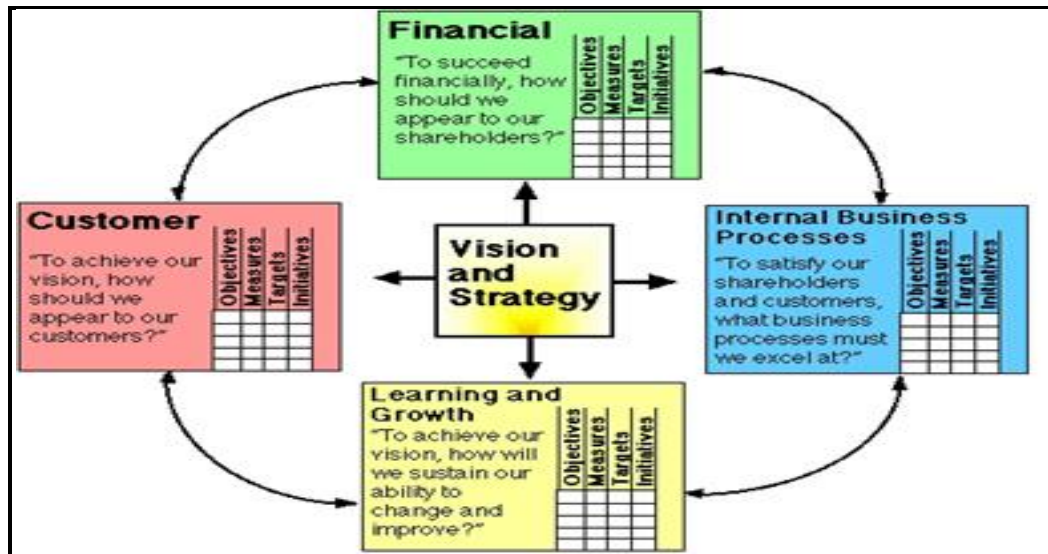
Kaplan and Norton (1992) suggest using these perspectives to manage organisational performance and minimise information overload for senior managers. In their critique of the BSC, Lawrie and Cobbold contend this model lacks clear definition, “*focusing instead on how one might be used, or how it relates to other organisational attributes*”; as a result there have been “*several attempts by others to provide a definition*” (2004, p. 612). Young (1998) describes BSC as a tool used by corporate management to communicate their

goals to frontline workers responsible to meet them and considers the BSC creates a balance between traditional financial measures, such as net income and return on investment (ROI), and operational measures, customer satisfaction, internal business processes and an organisation's ability to innovate and learn.

Using these four perspectives contributes to the ability of the BSC to lead the way in strategic, forward looking corporate management and *"puts strategy and vision, not control, at the center"* (Norton & Kaplan, 1992, p. 79). Thus, the BSC is flexible rather than prescriptive, allowing for subjective decision-making in keeping with organisational vision, mission and strategy (Kaplan & Norton, 1992). Furthermore, while earlier models of performance measurement concentrated on measuring performance solely for financial variables and results, the BSC combines financial and non-financial measures to give a more balanced view of the organisation's performance (Kammerer, 2009). Usually the model uses a circular scoring card with financial measures and non-financial measures which allow a balanced improvement of various metrics which results in a wider stakeholder focus, as concentrating on financial performance pushes certain stakeholders, such as employees, into the background (Niven, 2006). In addition, the BSC allows organisational management to track progress in various areas of strategy using simple techniques, ensuring development in one area does not occur at the expense of others (Budde, 2007).

The vision and strategies of the organisation form the core of the model and guide the objectives, goals, performance measures and action plans for each of the four perspectives (see Figure 3.2).

Figure 3.2: BSC Model



Source: Kaplan and Norton (1992, p.76).

Although the BSC was initially introduced as a performance measurement tool aimed at increasing an organisation's performance efficiency and effectiveness, it was subsequently adapted as a system for executing strategy at all levels (Andersen et al. 2004; Wang 2006). In 1996, Kaplan and Norton also made 'strategy' central to controlling and managing interrelationships among the BSC's four perspectives. Following up on their original article, *'Linking the Balanced Scorecard to Strategy'*, Kaplan and Norton (1996a) reiterate the balancing functionality of viewing business unit performance using the four perspectives and stressing the strategic performance activity from the BSC's use of both financial and non-financial measures.

Kaplan and Norton (1996a) stipulate senior management should seek to align corporate vision, mission and strategy into explicit functional objectives that consolidate and clarify the organisation's understanding of strategy, contributing to overall agreement on decision-making regarding performance management. The development of performance management strategy is a collaborative process with senior management benefitting from input from employees on different levels to arrive at a strategy which increases competitive advantage (Kettunen & Knattola, 2005; Van der Meer & Vosselman, 2004). Employees throughout the organisation have explicit and tacit knowledge that can assist decision-making. Bichard (1996) suggests that frontline employees are particularly important as they have nuanced, first-hand knowledge and understanding of customer requirements, satisfaction, aversions and barriers. Furthermore, the characteristics, metrics and operational components of perspectives can be adapted to the level they are being used.

Kaplan and Norton address criticisms of the BSC as described in their original article, and seek to clarify and exemplify the strategic purpose of the BSC. For example they identify three financial objectives/stages for the private sector organisation (rapid growth, sustain and harvest) which have specific objectives each requiring their own means of measurement. The measures within each objective/stage correlate to three themes: (1) revenue growth and mix; (2) cost reduction/productivity improvement; and (3) asset utilisation/investment strategy. These themes bring in elements such as sales growth, comparative cost and asset

utilisation rates and are cited as examples of the BSC's strategic purview and purpose (Kaplan & Norton, 1996a).

With regard to the Customer perspective, Kaplan and Norton (1996a) draw attention to the correlation between customer outcomes and financial objectives, as well as customer outcomes and internal business process measurement. This is achieved by illustrating interrelations between customer satisfaction and customer acquisition and retention; customer acquisition and market share; market share and account share; account share and customer profitability and retention; and customer satisfaction and customer profitability.

The Internal Business process perspective is formulated to deliver targeted customer value-propositions and satisfy shareholders' financial return expectations (Kaplan & Norton, 1996a). Innovation is essential to the internal perspective and the authors describe the BSC as forward-looking as opposed to the traditional *short-wave* practices concerned with controlling existing operations. Characterising the innovation process set out within the internal perspective as "*the long-wave value creation*", Kaplan and Norton assert the amended BSC "*incorporates objectives and measures for both the long-wave innovation cycle as well as the short-wave operations cycle*" (1996a, p. 63). In other words, the BSC was presented as both integrating and extending current performance management perspectives and practices.

Of the four perspectives, the Learning and Growth perspective is the most relevant to our research. It drives the other three perspectives and is crucial as it enhances the capabilities and performance of employees, enlarges their knowledge base, improves performance management, and increases motivation and commitment. The LGP seeks to combine internal and external aspects by linking internal infrastructure to external demands. From an organisational point of view, the LGP is based on individuals, internal systems and organisational procedures (Kaplan & Norton, 1996a) and is represented as a means of addressing areas of improvement identified by the three other perspectives.

The LGP is made up of both standardised and specific measurements. Employee retention, satisfaction, skills, and training represent generic measures, based on acquiring the skills necessary to achieve competitive performance (Kaplan & Norton, 1996a). The authors pay particular attention to the multifaceted and integrated nature of the BSC, linking measures and objectives, cause-and-effect interrelationships, and principal outcome measures with the drivers of performance.

Input from practitioners applying the BSC and challenges from academic and practitioners influenced the development of the BSC (Kaplan, 1998). The BSC was found to be flexible and indeed needed to be adapted according to the internal and external environment of each organisation. Kaplan and Norton introduce a strategy map detailing the constituents of the organisational strategy informed by the BSC and their interrelations. Specifically, the strategy map represents:

- Objectives for growth and productivity to enhance shareholder value;
- Market and account share, acquisition, and retention of most profitable customers;
- Value-propositions that encourage more higher-margin business;
- Innovation and excellence in products, services, and processes that deliver the value-proposition to targeted customer segments, promote operational improvements, and meet community expectations and regulatory requirements; and
- Investments in people and systems to generate and sustain growth (Kaplan & Norton, 2001a, p. 90).

The strategy map aims to focus corporate level attention on its vision, mission, values and strategy and describe the method used to fulfil the organisation's vision. Kaplan and Norton (2001a) suggest the LGP should be used to identify weaknesses in how organisations implement the BSC. Furthermore, the strategy map identifies key performance indicator (KPI) scorecards, for example the 4Ps KPI which consists of profit, portfolio, process and people (Kaplan & Norton, 2001a).

Kaplan and Norton's (2001a) also discuss the application of the BSC to non-profit government organisations (NPGOs). They find that NPGOs tend to conceptualise their strategy unclearly, especially regarding specific intended outcomes. Another difficulty which many of those examined faced was that the financial perspective was placed at the apex of the BSC model in its original formulation. There are

conceptual differences between commercial companies and NPGOs. In the private sector, the customer pays for the service received, whereas, in the public and not-for-profit sectors, service recipients may not necessarily pay for services but taxes or donations do, so objectives must be developed aimed at tax payers/donors and constituent members. The authors recommend NPGOs adopt a primary objective so that “the objectives within the [balanced] scorecard can be oriented toward improving such a high-level objective” (Kaplan & Norton, 2001a. p.98). The use of a primary objective focuses the NPGO, clarifies the purpose of the strategy and directs its long-term orientation.

Kaplan and Norton (2001b) further detail five principles of the strategy-focused organisation (SFO): (1) operationalising strategy using, for example, the strategy map and the BSC; (2) ensuring congruence between organisational strategies and organisational functions and activities; (3) collective ownership of strategy throughout the organisation; (4) integrating strategy into day-to-day and long-term operational processes; and (5) change management leadership towards improved performance.

Inamdar and Kaplan (2002) suggest the BSC offers healthcare services organisations several benefits, as strategies can be more commercially- and customer-oriented and more efficiently managed, promotes collaboration, enables areas of responsibility to be identified, and provides a method to monitor and revise strategy. The authors conclude the BSC delivers “performance improvement in competitive market positioning, financial results, and customer

satisfaction” (Imandar & Kaplan, 2002, p. 194) but it also useful in non-profit organisations if modified appropriately, which indicates that it could have some relevance to the Saudi Arabian public sector context under investigation.

With increased adoption of the BSC, Kaplan and Norton (2005, p. 8) declared that it “is now being used as a powerful tool for rapid and effective strategy implementation”. However they note that many firms incorrectly applied their BSCs by failing to ensure alignment between existing management processes and their modified strategies. In the context of the BSC, the modified strategies may be compatible with the organisation’s overall vision and mission and may also help align the business processes with organisational mission. The authors refer to the BSC applying to organisations that have managed to avoid this potential pitfall by establishing an office of strategy management (OSM) which assumes responsibility for the BSC and for other important organisational functions.

The BSC is not the only management framework or model developed to incorporate a more balanced view of performance than traditional financial methods (Iselin et al., 2008). Other performance frameworks devised during the 1980s and 1990s include the European Foundation for Quality Management (EFQM) and the Malcolm Baldrige National Quality Award (MBNQA) (Dror, 2008). A comparison of the effectiveness of the BSC with these found “*the Balanced Scorecard has important advantages, among them sequential objectives, capability of directing long-term programs, possibility of selecting relevant performance measures, measurement based on actual data and two levels of*

feedback” (Dror, 2008, p. 583). Such comparisons have led to the BSC being widely adopted and viewed by management accountants as the performance measurement and management method-of-choice (cf. Burnry & Swanson, 2010; Smith, 2005). Wenisch (2004) delineates the BSC’s primary properties and causative interrelationships, highlighting its strategic focus and measurement of tangible and intangible assets.

Although it is over two decades since Kaplan and Norton introduced their model, with the various developments discussed previously, the BSC is still preferred and popular, with more than half of the Fortune 1000 companies using it; this recently prompted the Harvard Business Review to hail the BSC as one of the 75 most influential ideas of the twentieth century (Niven, 2011, p.12). Thus many developing countries have introduced the BSC to manage organisational and individual efficiency to ensure public sector organisations meet the needs of the public. However, despite the popularity of the BSC in many countries, little research has been conducted on the in the Saudi Arabian public sector. The BSC’s founders and many scholars suggest the model needs to be tailored to each implementation.

Even though the BSC dates back over twenty years, it has been modified considerably since then by its originators and by others, keeping it relevant and in the public eye. It has been applied across a wide range of sectors, including the public sector, and in a variety of contexts, and much research has been carried out to evaluate it. Although it has been criticised it on various fronts, it remains

popular, offering, according to Hoque, “a strategy map, an enabler of policy implementation, and an organisational control and accountability tool” (Hoque, 2014, p.50) so it is unsurprising that the Saudi government wishes to introduce it into the Saudi Arabia public sector.

Having discussed the literature on the BSC, its history, the pros and cons, and having established the central role played by the four perspectives, the next section examines these in greater detail, paying special attention to the Learning and Growth perspective as it is considered to be of key importance in the BSC.

3.2.1 BSC Perspectives

There are other perspectives than the four contained in the BSC model and described in this work, and organisations considering utilising the BSC should prepare to modify its design and implementation to align it with its internal and external business environments. Nevertheless, Kaplan and Norton (1997) caution against any change distracting organisations from addressing the fundamental perspectives.

3.2.1.1 Financial Perspective

The financial perspective is considered the most important from the view of profitability and shareholder benefits as it helps managers establish how shareholders perceive them (Pangarkar and Kirkwood 2009). This perspective deals with business strategy, profit levels of the organisation through various

measures and metrics, and strategies to reduce risk from the shareholders' point of view. The performance of the organisation in this perspective indicates the amount of benefit shareholders have derived from the organisation's activities and the degree the organisation is increasing its value and growth (Kaplan & Norton, 1992). The main indicators or metrics for measuring an organisation's financial performance include stock prices, revenue figures, profit margins, market shares, value of assets, liquidity, operational and non-operational costs, and net sales (Niven, 2006). Previously most traditional performance management systems used only financial perspectives to measure organisational performance. However, with the BSC model, other perspectives complement this one.

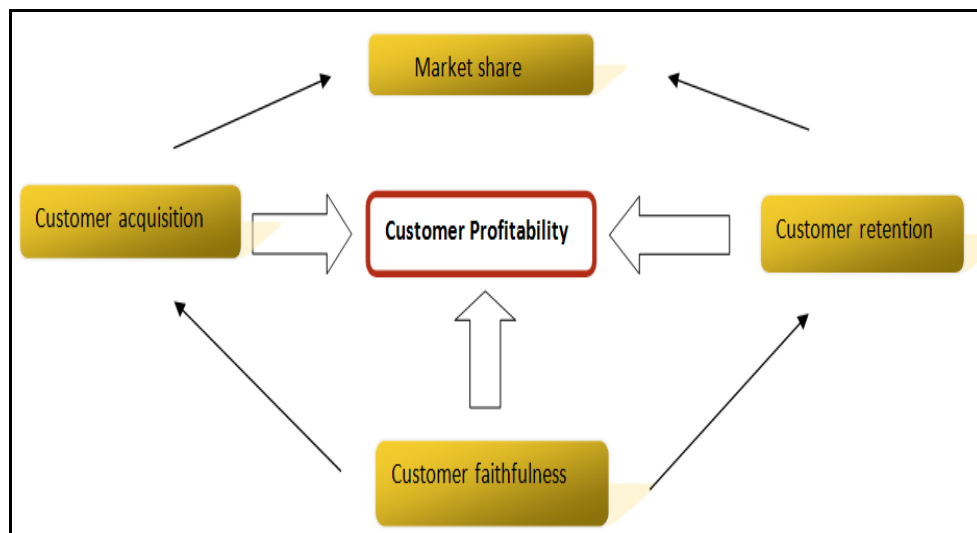
3.2.1.2 Customer Perspective

BSC's customer perspective deals with the organisation's efforts to improve performance in customer service and satisfaction, including identifying the customer, customer needs, and the target segment, and analysing performance in these segments (Niven 2006). The organisation then strives to improve performance by providing products and services according to customers' needs which helps win new customers and retain existing ones. The main stakeholders in this perspective are the customers, and the measures, goals and objectives are designed with them in mind.

According to Pangarkar and Kirkwood (2009), the customer perspective identifies the way the organisation must be perceived by its customers and works towards fulfilling that perception. Therefore, the metrics for measuring performance here

include client acquisitions, retention of existing customers, market share in a particular period, and consumer loyalty figures (Niven, 2011) (see Figure 3.3). Since customer satisfaction and loyalty ultimately lead to business profitability, the customer perspective is closely related to the financial perspective. A poor performance here is an indicator that the organisation is becoming unstable and risks losing its customers.

Figure 3.3: BSC Customer Perspective



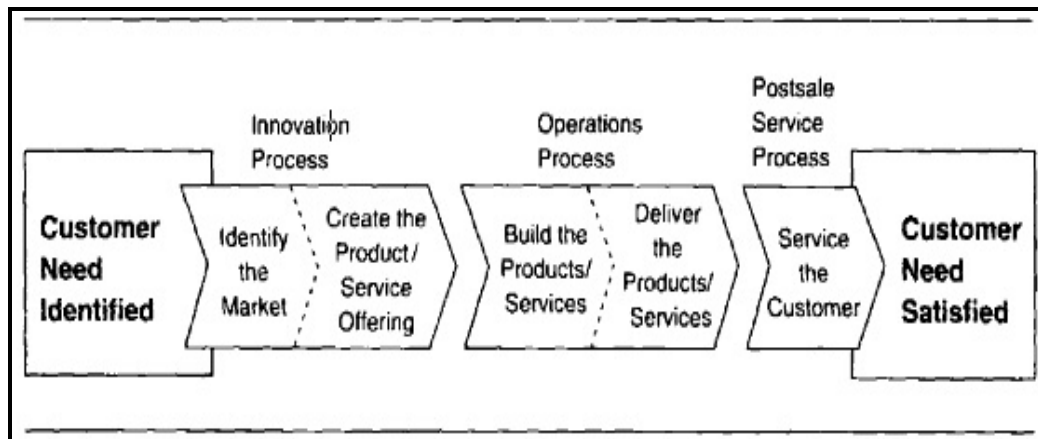
Source: Niven (2011, p.17)

The customer perspective can also include added value to be provided to the customer in specific segments. The segment-specific drivers of core customer outcomes represent factors critical to customers when deciding whether to switch or remain loyal to suppliers (Niven, 2011).

3.2.1.3 Internal Business Process Perspective

The BSC's internal perspective is related to the business processes of the organisation and deals with the performance of these processes (Pangarkar & Kirkwood, 2009). The main aim here is to determine how well the organisation's business processes satisfy the needs of customers and other stakeholders. The perspective also examines whether the internal business processes are sufficient to fulfil customer satisfaction demands and employee skills (see Figure 3.4). The main stakeholders of this perspective are customers, shareholders and others affected directly and indirectly by the outcomes of the processes. The internal perspective also includes creation of new processes and supports innovation intended to help the organisation achieve long-term success. Both long-term goal processes (i.e. new product development) and short-term operational processes (i.e. quality services and customer satisfaction) are incorporated into this perspective (Kaplan & Norton, 1992).

Since the perspective is related to internal processes, the measures often vary between organisations. However, common metrics used include delivery time-lines, brand images, customer satisfaction levels, number of defects, and degree of training undergone by employees.

Figure 3.4: BSC Internal Perspective

Source: Kaplan and Norton (1996, p.63).

3.2.1.4 Learning and Growth Perspective

Initially the BSC's LGP indicators included employees' skills, opportunities of the information system, and such behavioural factors as motivation and power. However, changes to BSC indicators mean the LGP is now characterised as three groups of intangible assets: human capital, information capital and organisational capital. Learning and growth is the central focus of this study and, as mentioned previously, is considered the driving force behind the other three perspectives. The LGP is required for organisations to create the improvements necessary to deliver vision and business strategy (Kaplan & Norton 1996a). Moreover, organisational learning is predicated on stakeholders, processes and procedures within the organisation (Kaplan & Norton, 1996a). This indicates that organisations trying to achieve their goals in the other three BSC perspectives must develop their infrastructure so it is in congruence with the LGP. The quality of organisational performance related to the LGP indicates the efficiency and

effectiveness of the systems and the level of commitment and engagement amongst its knowledge-bearing employees (Pangarkar & Kirkwood 2009).

The LGP is subdivided into three main classifications: (1) employee capacity, (2) information capacity and (3) motivation, facilitation and congruence (Kaplan & Norton, 1996a). Employee capacity or capability is assessed by three interrelated and sequential metrics: employee satisfaction, retention and productivity. Employee satisfaction correlates to customer satisfaction, employee retention is achieved when employees feel valued by the organisation, and employee productivity is correlated to and evident in total output divided by number of employees (Kaplan & Norton, 1996a). This perspective includes aspects like training, growth and development of employees with a view to developing the human resources of the organisation. Elements include examining the contribution and value-addition of individual employees and their areas of weaknesses. Additionally, this perspective deals with employee motivation, enthusiasm, alignment of organisational and employee goals, and development of the organisation's information systems (Niven 2011).

The LGP is closely related to the internal business perspective of the organisation as it deals with formulation of training and coaching processes to encourage the development of employees (Niven, 2006). The perspective also complements the others by providing a strong workforce infrastructure for executing and achieving larger organisational projects and future objectives. Its performance is measured using metrics such as employee satisfaction levels, number of training days,

attrition rates and efficiency levels. Paradigm shifts in how organisational assets are measured have given the LGP greater strategic importance. While traditional theories measured a firm's value in financial and physical properties, the new theories of strategic management emphasises employees' intellectual capital and expertise (Allee, 2008), meaning many firms operating in the contemporary competitive environment are in constant learning mode. Hence, the LGP is a core element of the BSC and success here may define the success of the model as a whole.

Different academics have investigated the BSC from a range of perspectives such as PMS and the role of strategic implementation (Geuser et al., 2009; Wu, 2005). Thus Geuser et al. agree the BSC occupies an important and causative role within strategic PMS.

3.2.2 Implementation of the BSC model

Having given an overall account of the BSC, attention now turns to its practical application. This process can be divided into three phases: design, implementation and application.

3.2.2.1 Design of the BSC Model

The implementation of the balanced scorecard model begins with the design phase which includes identifying the overall vision and objectives of the organisation and aligning them to individual goals (Niven, 2006) and designing the metrics and plans to achieve such goals. The main activities here are identification and design

of the measures. Kaplan and Norton (1992) suggest interviews and discussions with stakeholders as the best way of achieving these. Such discussions can help identify the self-expressed needs of stakeholders and map them to the organisation's perceptions to identify areas of difference.

Interviews and discussions can also be conducted, using two different kinds of approaches – facilitator-led and consultant-led (Niven, 2006). In the facilitator-led approach, a facilitator from the organisation's management team is selected to extract information from stakeholders, lead the discussions, challenge assumptions and arrive at decisions regarding performance measures and needs so most of the work is controlled or conducted by the organisation's members. In the consultant-led approach, an outside consultant or consultancy is hired to conduct and facilitate the interviews in a series of workshops (Kaplan & Norton, 1992). The stakeholders of the organisation, including members of the management teams, participate in the workshops and help the consultants to extract requirements and identify measures. Finally, the consultants consolidate the information, extract meaningful data, and present feedback and recommendations to the organisation to help design or improve its performance measures. After the identification and design of measures, the design phase is deemed to be completed and the implementation phase begins.

3.2.2.2 BSC Implementation

The BSC provides four core perspectives to deal with the performance of organisations in four major areas. However, in addition to the previously discussed core perspectives, organisations often add their own perspectives depending on their needs and strategic focus, creating a customised version of the model. However, irrespective of the number and nature of perspectives, BSC implementation follows three typical stages: design, implementation and application (Lawson et al., 2007), each stage being characterised by goal setting and the identification of measures and targets.

The implementation phase of BSC is characterised by data collection processes which collect data and information against pre-designed performance measures to assist in understanding whether they are suitable or not, often using information system tools to input and analyse data in meaningful formats (Niven, 2006). Sometimes, this stage also includes the development of new tools to capture additional information that may emerge.

In addition to technical tools, regular information-gathering tools such as employee and customer surveys and observation techniques may be used. However, it may take several years for this stage to produce any meaningful information (Niven, 2011). The success of the implementation phase of the model depends on a variety of factors including the change management strategies of the organisation, the organisation's readiness to implement the model, identification of clear, achievable goals, cooperation among various stakeholders, risk

mitigation strategies, establishing ownerships, and success of the LGP (Niven, 2011, Haberberg & Rieple, 2007).

Whilst most organisations succeed in the design phase, many flounder in the implementation phase (Niven, 2011). Some of the key reasons behind failure are over-ambitious strategies, inadequate resource allocations, unfair or biased management, inappropriate feedback mechanisms, and resistance from employees (Hirschbichler, 2011). Planned budgeting, design of a fair system, periodic reviews and other appropriate measures can help overcome these. After this phase's completion, its success or failure is gauged in the application phase.

3.2.2.3 BSC Application

The BSC's application phase has two categories. The first deals with the measurement and assessment of the implementation phase's success (Kaplan & Norton, 1996a), while the second deals with improving the model based on the implementation phase's learning and outcomes (Kaplan & Norton, 1996a). The feedback gained during previous stages plays a valuable role here. Thus the application phase can be divided into assessment and optimisation, which both help improve the performance measures of the organisation as a whole and PMS evolution.

The application phase of the model is typically characterised by review and feedback sessions, revision and realignment of goals and targets, and identification of training needs to deal with areas of weakness (Hirschbichler,

2011). Overall, the activities of the application phase ensure strategic objectives of the organisation are on track, and that appropriate action is taken to correct any problems if they are not. Here barriers and problems identified during the implementation phase should also be duly considered and modified accordingly.

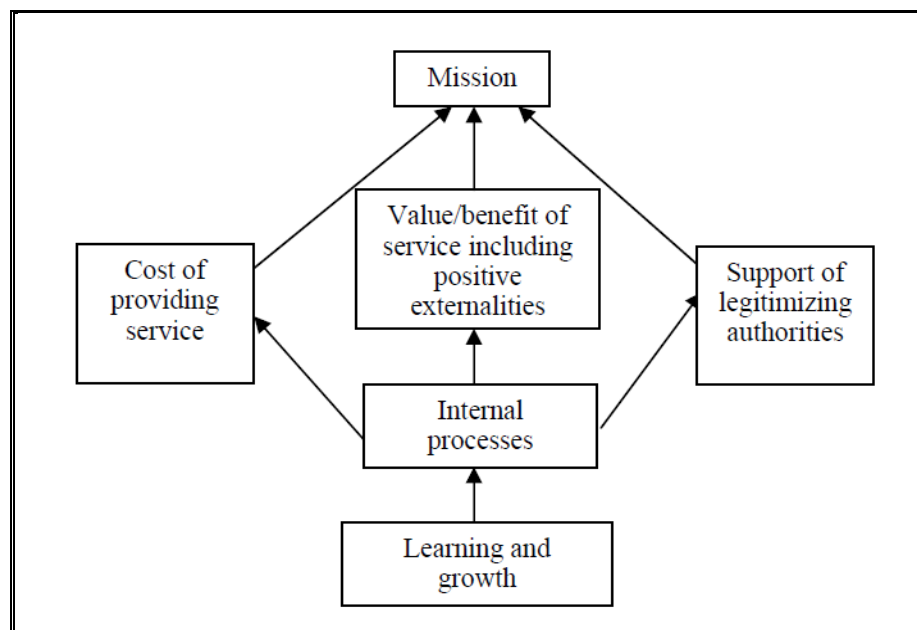
The overall success of the BSC depends on the success of individual phases and their smooth integration; often these phases merge with one another. However, some researchers recommend starting off with the LGP because of its central role, and then following it with other phases to ensure maximum success (cf. Niven, 2011).

3.2.3 BSC in the Public Sector

As this research involves the public sector in Saudi Arabia, it is important to consider existing literature on the BSC's application in the public sector. Data derived from the literature may provide invaluable practical and contextual information both in carrying out this study's empirical research and any later application of the BSC in the Saudi Arabian public sector. Although the BSC was specifically designed for implementation within the private sector, Kaplan (2001) contends a modified BSC model can be implemented in the public sector. He observes that non-profit organisations should not make the BSC's financial perspective their primary objective. Instead, measurement of success should be based on how well they meet the needs of their constituencies. Therefore, Kaplan (2001) suggests non-profit organisations should consider placing their mission at the apex of their BSC.

A fundamental difference between implementation of the model in public and private sectors is that in the public sector the focus is on mission rather than the financial perspective (Flak & Dertz, 2005) (See Figure 3.5). However, there are areas such as data accounting, payroll and employee training that function in similar ways in organisations in both sector. Specifically, the LGP is quite similar and strategically important across both sectors. These similarities allow the public sector to compare strategies and best practices with other sectors and improve performance.

Figure 3.5: BSC Adapted for Public Sector Application



Source: Flak and Dertz, 2005, p. 6

Although the objective of the model for the public sector is the mission, the LGP remains the leading or driving perspective of the BSC. Nevertheless researchers have investigated the implementation of the BSC in the public sector and its

usefulness. Sharma and Gadenne's (2011) investigation of the role of BSC implementation in enhancing the value of a government organisation in Australia finds that, despite issues and challenges regarding measurement of outcomes, poor results, sudden changes in the structure of the organisation and poor reactions to these changes, most organisations succeeded in fulfilling their strategic aims. Similarly Niven (2011) notes that the BSC can help to enhance value in both public and private sector institutions and this could also be the case in the public sector in Saudi Arabia if the sector is indeed ready.

Within the context of public health care provision, Mutale et al. (2013) used the BSC to comparatively measure the performance of three health care regions in Zambia. The findings reveal performance differences, leading the authors to conclude the BSC may be an important public health system evaluation tool. However, according to international organisational measures, Zambia is not at the same socioeconomic development stage as Saudi Arabia. This is evident in Zambia's poor resourcing of public health services and reliance on loans from the World Bank and IMF and international aid. In contrast, the government of KSA can afford to invest in the public health service and could utilise the BSC to facilitate strategic PM as well as a performance evaluation/measurement tool.

Yetano discusses the BSC regarding PM in local government in New Zealand within the context of a supposed crisis within public sector management which has led to "demands for better public performance, for greater customer focus, for enhanced decision-making and for increased responsiveness" (2009, p. 167).

Additional contextualisation is provided considering public sector performance measurement systems in other Western countries, including Best Value in the UK, the Government Performance Results Act (GPRA) in the USA, and similar policy initiatives in Australia, Canada and New Zealand – all English-language and predominantly Anglo-Saxon cultures in socioeconomically developed Western European nations. Yetano contextualises her analysis with the local government discourse noting that, despite the trend in developed and developing nations towards public sector adoption of performance measurement and management philosophies, policies, programmes and practices designed for the private sector, “there are many sceptics among academics, politicians and managers who consider that the advantages claimed for these kinds of systems cannot be realised due to the complexity of local governments” (2009, p. 167).

It can then be concluded that implementing the balanced scorecard in the public sector may help provide the public with better services by improving processes to aid effective execution of mission. However here limitations and issues associated with the model, along with specific factors for public sector organisations, must be taken into consideration.

The following sections discuss the four perspectives of the BSC model with particular reference to their application in the public sector.

3.2.3.1 Customer Perspective

In the public sector the customer perspective should concentrate on government initiatives and milestones to meet the citizens' expectations so a suitable value-proposition must be selected so the organisation can meet its objectives, promises, vision and mission. The operational excellence of any national public sector is an attempt to grow an economy. Thus the public sector requires product and service leadership that advocates best-quality products and services within the country. The reward will be citizens' support and loyalty (Holdsworth, 2011).

3.2.3.2 Internal Process Perspective

Many governments have been associated with corruption and mismanagement of public resources. Thus, the focus shifts to a country's internal processes to guard against loss. In the context of KSA, Kawach (2011) asserts the flood tragedy in Jeddah in 2011 revealed the lack of clear governmental policies and performance measurement strategies. It is claimed the public sector has consistently performed poorly despite having immense budgets with many governmental bodies exposed as ineffective (Owen, 2006); this lack of PMS has had high economic costs.

3.2.3.3 Financial Perspective

Because of increasing public expenditure and the trend towards financial independence, it is widely accepted that governments are trying to generate revenue, spend wisely, and monitor the value of their investments and expenditures. The goals and measures in this perspective dictate whether an organisation's strategy execution enhances the bottom-line. Governments are

harnessing resources in an effort to satisfy the public with high quality products and services, on-time delivery, revenue growth, and the utilisation of tangible and intangible assets (Bassi & McMurrer, 2004).

3.2.3.4 Learning and Growth Perspective

It must again be stressed that the objectives and measures of workforce learning within the LGP are the facilitators of the remaining perspectives, and the basis of the BSC. In relation to the public sector which includes workers from all races, classes and specialisations the government must improve competency and the efficiency of its work systems and business processes if it is to achieve its goals and objectives. A government must be able to identify its goals, its objectives and the citizens' expectations, and, more importantly, recognise the corresponding gaps and deficiencies in the current organisational infrastructure of workforce skills (human capital), the information system (information capital) and the environment.

There remains a lack of critical academic scrutiny as much of the literature concentrates on the success stories without adequately addressing issues such as the appropriateness of the BSC in education, health and social services where moral and ethical decisions have to be taken on a daily basis by professionals with duty of care. Applying quantitative performance measures and management models may inhibit professional discretion in such areas and so affect the nature of the work and the quality of the relationships between public sector professionals and those to whom they provide services. Additionally, there seems

little emphasis in the literature on the opinions of the BSC of those whose performance is being measured. This is particularly evident regarding the public sector. Finally, most BSC literature is focused on its application in Western and other developed countries. Saudi Arabia is an Arabic, Islamic state that has not gone through Western modernisation and is still in the process of developing according to accepted global measures. Its political system is not premised on liberal democracy; it functions as a theocracy and is able to support itself from its rich oil reserves. These factors make the Kingdom culturally, socially, economically and politically distinct from nations such as the UK, USA, Germany, China and India.

3.2.4 Importance of Learning and Growth

In view of the importance given to the LGP it is now necessary to examine the concept of learning more closely. Although learning is an everyday word it becomes difficult to define and contextualise its exact meaning, as cultural, temporal and spatial contexts may affect the construction and understanding of the word as concept, process and/or outcome. Needless to say, there are multiple definitions of learning in the literature. Kolb describes learning as “the process whereby knowledge is created through the transformation of experience” (1984, p.38) and situates learning as a social process as do Borthick et al., who, considering learning regarding the learner’s zones of proximal development (ZPDs) as a means of facilitating collaborative learning, define it “as the development that results from social interaction that affords learners increased access to roles in expert performance” (2003, p. 107). Learning is a psychosocial

process involving cognition on the part of the learner as he interacts with the surrounding environment, which includes other humans. It is important to focus on the learner and the psychological process of learning as seen in Ellaway and Topps' definition of learning "as a less ordered state of the mind becoming more ordered" (2010, p. 186). This definition characterises learning as cultivating the mind so it is more functional which is desirable for the organisation as it will result in improved performance.

Growth refers to expansion, increase and development. However, before considering the 'growth' element of learning and growth, it is worth focusing on learning and development (L&D), a term found frequently in academic and other literature. This refers to individuals' continuous acquisition of knowledge and experience that improves their competencies and capabilities. There are various theories of individual learning and development including: *nativism* – learning through deductive testing of hypotheses; *behaviourism* – learning through engagement and imitation of factors within the individual's environment; and *structuralism* – learning occurring as individuals' apply and adapt their mental structures to novel matters, subjects and situations (Strauss, 1993). In common is the continuation of the learning process that increases the capacity and competence of the learner; this is the *development* in learning and development. With the emergence and ubiquity of the knowledge economy and the knowledge society, continuous learning and development, achieved through increasingly formalised lifelong learning, has become essential for knowledge workers (Arokiasamy & Fook, 2008).

In discussing learning and development the difference between development and growth when used together with learning should be highlighted. Whilst development refers to continued and continuous enhancement of individuals' knowledge, capabilities and competencies, growth in the BSC is concerned with organisational rather than individual growth. In focusing on the importance of the LGP, it seems appropriate to examine what Kaplan and Norton (2004a) have to say on the matter; here they are in no doubt about the foundational and supporting role the LGP plays regarding the other perspectives.

In the BSC the learning and growth perspective identifies the infra-structure that the organisation must build to create long-term growth and improvement, giving this perspective greater significance in the context of the study. Organisational learning and growth come from three principal sources: people, systems, and organisational procedures. The financial, customer, and internal business process objectives on the balanced scorecard will typically reveal large gaps between existing capabilities of people, systems, and procedures and what is required to achieve targets for breakthrough performance. To close these gaps, businesses must invest in re-skilling employees, enhancing information technology and systems, and aligning organisational procedures and routines. These objectives are articulated in the learning and growth perspective (Kaplan & Norton, 1996, pp. 63/4).

The LGP within the BSC is systemic and views employees as resources alongside other resources such as ICTs and systems. Indeed, there is a strong argument for

reclassifying the BSC's LGP as learning and shareholder returns growth. Morard et al. accept and build on this position in developing a structural equation model for a non-profit organisation, demonstrating the BSC's inherent cause-and-effect nature where "the measures of organisational learning and growth will influence the measures of internal business processes which sequentially will impact the measures of the customer perspective which, lastly, will affect the financial indicators" (2012, p. 315). The LGP's attentiveness to intangible assets marks it out from the other BSC perspectives. Moreover, the LGP provides the foundation for each of the other perspectives. In addressing and strengthening areas of weakness the LGP can enable organisations to minimise or avoid potential threats and exploit opportunities.

Studying causal relationships in the BSC in a high-tech company, Perlman's findings "support the existence of a path of "Learning → Production Efficiency → Quality", reflecting the fact that the more the organisation invests in learning and in developing its human capital, the better the production efficiency and product quality will be in the same year" (2012, p. 70). Perlman's (2013) illustration of the causative nature of LGP positions it as a catalyst for performance improvement in a way found in none of the other three perspectives. Liao et al. (2011) describe the importance of the cause-and-effect trail of the LGP and content that when an organisation invests in developing its employees their improved performance has a mushrooming effect, improving other organisational functions which may also be applicable to governmental organisation so long as employee learning is aligned to organisational strategies and objectives.

Operating in the global knowledge economy and striving to become a fully-fledged knowledge economy with a workforce of knowledge professionals, KSA must be aware of the importance of being person-centred, ensuring its public sector workforce is highly knowledgeable, competent and professional. This requires facilitating continuous or lifelong learning for knowledge-professionals. “In a knowledge-worker organisation, human resources are the main resource. In the current climate of rapid technological change, it is becoming necessary for knowledge-workers to be in a continuous learning mode. Measurement techniques can be developed to guide managers in focusing training funds where they can help the most. In any case, learning and growth constitute the essential foundation for success of any knowledge-worker organisation” (Dumitrescu & Fuciu, 2009, p. 39). The Saudi government has shown it recognises the importance of a highly skilled workforce and of resourcing the education and learning of its knowledge-professionals and believes that it is imperative to provide training strategically to limit wastage, inefficiency and lack of competitiveness.

Wu et al. contend learning and growth “is arguably the most critical of the BSC perspectives for addressing the future needs of an organisation. It may also be the most difficult parameter to measure” (2009, p. 307). Rajab-Baigy et al. describe the LGP as the organisational strategy foundation, and further suggest its metrics “are the ultimate lead indicators... which create value by their alignment to the organisation's strategy” (2011, p. 63). As a lead perspective, learning and growth is a driver of performance improvement and organisational efficiency and productivity. If KSA is to achieve its ambition of becoming a developed nation on

the world stage, it has to ensure its people have sufficient learning and competencies to be effective within the competitive global markets, and in the public sector area.

Although it is clear the LGP is critical to successful BSC implementation, Ahmed et al.'s (2011) study investigating the comparative importance given to each of the four BSC perspectives found managers in Pakistani commercial banks rated learning and growth the least important; Anand et al.'s (2005) study of the BSC in Indian companies reached the same conclusion and reported that approximately one third of the companies surveyed did not include the LGP in BSC models. These results indicate a high level of short-termism as the LGP is the most future-oriented BSC perspective.

Overall changes in technology use, particularly the development and spread of ICT, have led to a new need for performance measurement systems that recognise knowledge and respond to factors other than financial measures (Bayat, 2011). Traditional management systems' reliance on financial indicators and measures were proving increasingly ineffectual in the late 20th century organisational environment where growth (Perlman, 2013), and value creation were increasing in importance (Morard et al., 2013). Criticism of finance-based performance measures led academics and practitioners to develop performance management strategic frameworks (Dror, 2008). An enduring criticisms of traditional finance-based performance measures was that they encouraged management decision-making focused on the short term (Burney & Swanson, 2010).

A key element of understanding the LGP perspective is recognising how this perspective can be measured. As pointed out earlier Kaplan and Norton (2004) and Kaplan (2006) only give general guidance on what dimensions are to be measured – Human Capital, Information Capital and Organisational Capital. Niven (2006) further classifies these elements into sub-elements to ensure the readiness for LGP implementation. For example, in Human Capital organisations it is necessary to examine; (1) employee capabilities, (2) employee training, (3) personal development planning, and (4) motivation system. For Organisational Capital, this includes (1) employee satisfaction, (2) alignment, and (3) encouraging a healthy life style. For Informational Capital, this includes (1) the instruments of business, (2) access to information, and (3) information capital readiness.

A critical analysis of the work of Niven (2006) and Kaplan and Norton (2004) show these dimensions (Human Capital, Organisational Capital and Informational Capital) have been developed using very broad qualitative measures and that anecdotal evidence has played a role. However, this research aims to help fill this gap by linking these dimension with items that can be quantified so that quantitative empirical evidence can be drawn on to distinguish between the underlying dimensions of the LGP perspective,

3.3 Strategic Human Resource Development

As this research is concerned with assessing Saudi Arabian public sector readiness to implement the LGP within the context of SHRD, this section will highlight the

existing literature in this field. SHRD encompasses performance management, the alignment of PMS with organisational and human resource objectives, along with training and development of both managers and subordinates. The section opens with overviews of SHRD, before considering the interrelationships between SHRD and the BSC more specifically, with particular emphasis on SHRD outcomes that may emerge from the LGP.

3.3.1 Overview of SHRD

As this research is concerned with assessing Saudi Arabian public sector readiness to implement the LGP within the context of SHRD, this section will highlight the existing literature in this field. SHRD encompasses performance management, the alignment of PMS with organisational and human resource objectives, along with training and development of both managers and subordinates. The section opens with overviews of SHRD, before considering the interrelationships between SHRD and the BSC more specifically, with particular emphasis on SHRD outcomes that may emerge from the LGP.

3.3.2 SHRD and the LGP of the BSC

The BSC has long been linked to performance management and especially to strategic human resource development (SHRD) (Kaplan & Norton, 1992; Wilson, 2005). This section starts with an overview of SHRD and its link with the BSC, then moves on to highlight the relationship between SHRD and the LGP. SHRD is the area of human resource management concerned with developing competencies and knowledge in alignment with strategic organisational vision. It mainly deals

with the development of employee skills through training and coaching sessions. The main difference between traditional human resource development methodologies and strategic human resource development is that the traditional development methodologies arise from the current needs of the organisation, whereas those of SHRD are guided by strategic visions of future performance (Kandula, 2004). McCracken and Wallace (2000a) considered SHRD to be a concept that facilitated a learning culture which concentrated on corporate strategy and used a range of learning strategies to respond to corporate strategy to shape and influence it

The relationship between strategic SHRD and the BSC arises mainly from the BSC's perspectives all being linked to the strategic visions of the organisation. This is based on the BSC's central premise according to which performance measures and metrics should be designed and applied so as to affect the organisation's strategic vision as a whole, not just the financial perspective. As observed previously, an organisation's business strategy is often a combination of several complex ideas and goals, meaning that models focusing only on financial aspects are typically not successful from a strategic point of view.

Contemporary SHRD, alongside current thinking on organisational strategy and intellectual capital management, spotlights people as an organisation's most important assets. Arguing this has not always been the case and that people were routinely considered in terms of cost, Williams (2001) suggests, firstly, that alignment of operations and employee development together with provision of

feedback contributing to performance improvement and employee growth are fundamental to organisations treating individuals as important assets, and, secondly, that PM provides a means for enabling both prerequisites. Williams (2001) proposes using McGregor's Theory Y approach to management. This affirms that people enjoy work and have a propensity to self-directedness and has four directing tenets: (1) aligning operational activities to organisational strategy; (2) ensuring collaboration at all levels from planning to evaluation; (3) placing employee development within the PM process; and (4) provision of continuous feedback. Further, these principles should be implemented by: (1) investing in training both managers and employees so they can effectively utilise the process; (2) making accessible corporate objectives and HRM; (3) strategically gathering and analysing development requirements so data can be used in preparing development opportunities; and (4) conveying to employees their value to the organisation. Noting the potential costliness of training and difficulties in transmitting information about the process to employees, Williams (2001) advocates using ICTs as speedy, effective solutions. If an organisation is committed to being a learning organisation and carries out SHRD collaboratively (Rothwell & Kazanas, 1991) and is focused on personal growth (Hensel et al., 2010; Onishi et al., 2008), there should not be difficulties in communicating the process across organisational levels as there will have been widespread stakeholder input into development of processes, and investment in current and future successfulness will not be regarded as costly. Such an analysis may be viewed as idealistic, although it is equally valid to argue that Williams' (2001) starting point, positioning contemporary business strategy to prioritise human

capital, is over-optimistic particularly as many companies are downsizing and outsourcing activities, with many public sectors in the West rationalising services and redesigning work structures, with considerable opposition from demotivated employees as seen in the mass protests of public sector workers in the UK at ‘efficiencies’ in the public sector that sometimes change how people work. Furthermore, these rationalisations are imposed on employees rather than carried out collaboratively. This has potential implications for the government in KSA which are considered in some detail in the following section.

HRD’s top-down tendency means it often misses employee learning that takes place organically (Chermack & Lynham, 2002) or as a result of tacit knowledge transmission and reception. Buchner (2007) is similarly wary of PM. Arguing performance management is significant for HRD professionals especially when it involves organisations rethinking and/or redesigning PMS, he contends that PM, whilst supported as being a process, appears to have a much lower level of theoretical support; indeed such attempts at theory are often weak. The top-down directedness of PM is expressed by its normative definition as a process. “Defined this way, performance management carries a somewhat negative connotation when considered from the performer’s perspective – as something done to people” (Buchner, 2007, p. 61). Collaborative and communicative PM is a more progressive alternative. However, whilst PM is conceived and practised as a process, it will continue to be something done to employees as performers. This is one reason, Buchner argues, that PM fails to adequately motivate employees,

reasoning that PM does not fully take account of and act on work motivation theories.

According to Wilson (2005), the BSC provides a clear, tangible framework for linking various performance measures to organisations' strategic goals. This is confirmed by Cunningham and Kempling (2011) research on SHRD in public service organisations, where they explored the idea of fitting human resource practices into the organisation's strategic schema using a scorecard model and found the model helpful in fulfilling the strategic objectives of the organisation. While all BSC perspectives and measures can be linked to SHRD in some way, the most obvious and direct relationship is between SHRD and the LGP.

There are substantial areas of overlap between SHRD and the BSC's LGP. For example, the LGP addresses typical SHRD issues such as congruence between individual employee goals and organisational strategies and objectives, developing employees' personal development plans to contribute to attaining organisational objectives, and developing employees' competencies and skill sets. The BSC's LGP seeks to achieve enhanced individual employee capability as a step towards realisation of strategic organisational objectives (Werner & Xu, 2012). From this perspective, SHRD and the LGP are interconnected, as the latter's primary purpose of developing employees' performance is integral to successfully attaining the former's strategic organisational role and objectives. Kaplan and Norton (2001a, p. 93) describe the LGP as the "foundation of all strategies", a position given credence by Blokadjik's (2008) contention that there

will be successful outcomes in other perspectives and employees' strategic development if an organisation's employees' wellbeing and development are addressed appropriately and employees are sufficiently motivated to perform in alignment with organisational strategies. Such LGP related views of the BSC contrast with the finance perspective orientations of commentators such as Shutibhinyo (2013).

Investigating the appropriateness of the LGP for SHRD in not-for-profit university libraries, Cribb (2006) discovered a paradigmatic shift from a 'training' to a 'learning' approach taking place in the libraries studied. This change of emphasis from provision of standardised formal instruction to a more individualised, responsive and person-centred approach to human capacity development is adding value and helping organisations achieve strategic objectives. Support for the thesis that the LGP contributes to SHRD is also presented by Storey (2007), who asserts SHRD's components are contained within the LGP, meaning the BSC advances SHRD.

Further evidence of correlation between SHRD and the LGP can be seen through closer inspection of the three primary constituents of HRD: human, organisational and informational capital. Consisting of knowledge, skill sets and organisations' human resource foundation, human capital is causally related to an organisations' performance. Indeed, human capital, if developed sufficiently and utilised effectively, contributes to value-addition and enhanced organisational performance (Armstrong, 2009). The enhancement of human, organisational and

informational capital “positively influence the results of financial activity and an increasing number of company managers transform the evaluation system of their company performance to trace non-financial evaluation indicators and thus use their new strategies in competition” (Kotane & Kuzmina-Merlino, 2011, p. 213).

In summary, strategic human resource development and the BSC’s learning and growth share several commonalities. Both are strategic, focusing on seeking to achieve alignment between effective utilisation of employees and achieving organisational objectives, and foreground and rely on cause-and-effect sequences. SHRD seeks to realise causality by developing employees, leading to performance improvement in line with corporate vision, mission and strategies, so there are positive contributions to other organisational functions and activities in the fulfilment of organisational objectives (Peery & Salem, 1993; Rothwell & Kazanas, 1991). The LGP is the basis upon which the other BSC perspectives can be developed, thus employee learning leads to performance improvement in internal business processes and customer satisfaction, which in turn contributes to anticipated improvements in financial performance, leading in the private sector to increased shareholder value, and in the public sector to more effective, well-received and internationally competitive public sector organisations and activities. Another commonality relates to corporate management interest in the external environment. SHRD promotes managerial appreciation of and responsiveness to fast-moving forces and development within globalisation (Peery & Salem, 1993; Garavan et al., 1995; Garavan, 2007), whilst the LGP assists in identification of opportunities and threats in the external environment and helps develop means to

exploit the former and avoid the latter. Consequently, it is likely that, within the Saudi public sector, the LGP will contribute to strategic human resource development by aligning employee learning and development with the vision, mission, objectives and ethos.

3.4 Critical Analysis of Performance Management

Although frequently discussed in management and organisational theory and practice, performance management is not a precise management science nor is it without critics and failures. Consequently, this subsection's critical analysis of performance management seeks to identify potential weaknesses and pitfalls that may then inform this study's empirical research and any later use of PMS/BSC in the Saudi Arabian public sector. A review of performance management systems theory and practice considers a wide range of customary concerns and criticisms. These include: (1) the undermining of teams and organisation as a system in favour of individuals); (2) confused messages regarding the gap between what PM is supposed to do and actually does (Furnham, 2004); (3) unrealistic and irrelevant distinctions between employees (Furnham, 2004); (4) employees routinely disappointed by appraisals (Furnham, 2004); (5) no sense of ownership for either supervisor or supervised as they are rarely included in the PMS design (Grote, 1996); (6) PMS, particularly performance appraisals, often contain bad news that is distasteful for manager and managed, can lead to defensiveness and cause tensions (Grote, 1996); (7) the adverse effect a negative appraisal can have on an employee may influence managers to hold back when writing up the appraisal (Grote, 1996); (8) whilst informal rewards may accrue from withholding and

diluting negative assessments, no such rewards exist for delivering unpopular messages (Grote, 1996); (9) supervisor self-reflexivity may impact on giving negative evaluations as these may reflect poorly on the supervisors (Grote, 1996); (10) many managers have insufficient training to effectively carry out PM; (11) confusing different activities such as coaching, development, feedback and remuneration decisions (Furnham, 2004); (12) can be viewed as ambushing employees who have to work towards standards and be judged in ways that they may not have known about, comprehend or believe to be applicable (Furnham, 2004); (13) PMS often either lack the necessary specificity or contain too much, both of these make it difficult to perform worthwhile comparative analyses (Furnham, 2004); (14) elements of PM, such as performance appraisal, do not always cover the whole organisation, with especially top management and some 'specialists' gaining exemption (Furnham, 2004); (15) misalignment between numbers and words on rating scales (Furnham, 2004); (16) benefits of PM often do not surpass the cost; and (17) organisational structures not being modified, so there is misalignment between new PM and existing organisational structure (Moynihan, 2005).

Performance management originated in the USA and UK; both have Anglo-Saxon cultures that practice neoliberalism. Performance management in the public sector context is a product of new public management (NPM) (discussed in detail in the next section). Relevant here is the inclusion of political ideology into the practice of organisational management and functioning. A central feature of PM in the UK public sector is the developing and setting up of performance regimens by central

government, usually with concerted opposition from professionals working locally on the ground. Thus, PM was introduced without the involvement of those whose performance was to be managed, appraised and improved. For example, following the introduction of National Policing Plans and the publication by the UK government's Home Office department of *Practical Guide to Performance Measurement*, local police forces' performance was quantitatively assessed regarding a range of metrics including complaints, crime statistics, and sickness levels. "Yet the data required did not refer to quality of service, while the use of national indicators proved to be not sufficiently discriminating to allow for the impact on policing of the local environment" (Loveday, 2006, p. 286). The PM mechanism's focus on statistics failed to account for socioeconomic causative variables and nuances, such as the extent of deprivation within certain neighbourhoods.

Macalpine and Marsh (2008) describe negative effects due to the way PM was introduced into the health and education structures and operations in the UK public sector. In 'rationalising' public sector bureaucracies, the pressure applied on managers undermined their competencies and supports only one solution, continued marketisation. Health and care services rationalised and placed focus on 'care in the community' as a priority because of the efficiencies it was said to produce, increasing the burden on women as unpaid care workers (Macalpine & Marsh, 2008). Governmental efforts to measure and raise performance in the education sector include the monitoring and inspection body, the "Office for Standards in Education (Ofsted) ... and school league tables, all of which are used

to measure or judge the value or worth of a school or individual teacher” (Nicholl & McLellan, 2008, p. 585). Nicholl and McLellan (2008) find many design and technology teachers struggle with the tensions of trying to find a productive balance between centrally-set targets for both performance and creativity. Wastell et al. (2010) contend that children’s services are delivered by public sector social services professionals within PM’s ‘iron cage’. Alongside much literature critical of performance management and the way it has been introduced, Wastell et al. also take issue with the formalisation of professionals’ jobs to make them assessable using ICTs. The quantification of children’s services professionals’ work activities seems at odds with the overtly qualitative nature of their work. The authors note the unease due to “the emergence of a pattern of formally conformant behaviour in which the letter of the organisational law is obeyed but without genuine commitment” (Wastell, 2010, p. 310).

It is not only in the UK or in the public sector that the introduction of PM met critical reactions regarding its inputs and the relationship between its outputs and outcomes. In a study promoting the values of performance management in a non-profit organisation in Australia, Becker et al. (2011) nevertheless acknowledge it is unwise to implement performance management in such organisations without modifications to align it with organisational mission and ethos. In their analysis of performance management in Chinese IT companies taken over by US companies, Cooke and Huang (2011) address the issue of cross-cultural difficulties when aligning strategic human resources. Research into organisational processes (OP) (including collaborative and communicative decision-making, creativity,

performance management and teamwork) in the Indian private sector found PM was the only determinant of OP that was not positively correlated to management flexibility (Bamel et al., 2013). Reviewing PM, also described as managing for results (MFR), in the US, Moynihan concludes most PM “target[s] narrow process improvement (single-loop learning) rather than a broad understanding of policy choices and effectiveness (double-loop learning), even though the latter is more critical for long-term organisational success” (2005, p. 2003). Thus, PM may have a negative impact on organisational culture and therefore undermine and present challenges in effective organisational learning development, itself an important component of PM.

As a possible counterbalance to these shortcomings, the BSC has received considerable acclaim in the academic and particularly in management literature. However, not all analytical commentary has been enthusiastic, complimentary or supportive of this performance management tool. Given the Saudi government’s positive attitude to this performance management model and this study’s focus on the readiness of the Saudi Arabian public sector to implement the LGP of the BSC, it is important to take into account and consider any criticisms. Any criticisms of PMS/BSC which might emerge in this study’s empirical research could be compared to those found in the literature. Doran et al. describes “a dearth of systematic investigation, or in-depth case studies, of BSC implementation failure” at the dawn of the 21st century (2002, p. 43/4). One outcome of this may have been over-emphasis on success stories and a lack of critical appreciation that the BSC model must be adapted to fit each unique organisation, as well as management thinking that simply having a balanced scorecard automatically

results in a balanced approach to strategic performance measurement and management. The BSC's lack of clarity as a measurement system is further a limitation of the model (Fletcher & Smith, 2004; Debusk & Crabtree, 2006; Morard et al., 2013). Noting confirmatory studies of successful BSC implementations by management accountants, Burney and Swanson (2010) provide an overview of studies that raise issues. Libby et al. (2004), for example, found some managers give greater attention to certain measures depending on the assumed or actual evaluation priorities and methods of their superiors, resulting in less orientation towards common measures.

Additional criticisms include: the BSC's (1) inherent shareholder partiality and consequential lack of focus on and recognition of other stakeholders (employees and others in the supply chain) (Varma & Deshmukh, 2009; Wicks & St. Clair, 2007; Schwartz, 2005; Smith, 2005); (2) lack of specific performance measures (Morard et al., 2013; Varma & Deshmukh, 2009; Smith, 2005); (3) not specifying performance targets' roles (Morard et al., 2013; Varma & Deshmukh, 2009; Smith, 2005); (4) absence of HRM issues (Schwartz, 2005; Smith, 2005); and (5) lack of consideration of external factors, such as those addressed by PESTLE and other environmental analyses (Varma & Deshmukh, 2009; Smith, 2005). Smith (2005) cites research published six years after the introduction of the BSC reporting an implementation failure rate of approximately 70%. Such a high observed rate may be due to faulty implementation (see Doran et al., 2002) and/or the outcome of systemic problems undermining the purported causal linkages. An example of the latter is the difficulties companies can have delivering incentive-

based rewards as it is difficult to establish the relative values of the different BSC performance measures (Yazdi & Haddadi, 2011; Varma & Deshmukh, 2009; Debusk & Crabtree, 2006) – “managers [not knowing] which performance driver has a higher priority over others” (Yazdi & Haddadi, 2011, p. 907). It is likely that ineffectual and non-strategic decision making occurs in such situations.

Clair claims “the fundamental BSC framework still focuses too much on profit and process outcomes and too little on people and the organisational cultures in which they work” (2007, p. 310). This view is shared by Debusk and Crabtree (2006), and is of particular importance to this study, as the Saudi public sector is oriented towards delivering services to citizens and is reliant on employees’ experience, knowledge, competencies and commitment, particularly in critical public good fields such as health and education.

Whilst acknowledging the BSC’s comprehensive scope and strategy facilitation, Morard et al. consider its construction problematic. In particular, BSC “concepts are quite vague and can be difficult to apply in an organisational environment” (Morard et al., 2013, p. 10). This BSC limitation is found in earlier evaluative literature (cf. Fletcher & Smith, 2004) In order to address this apparent weak area, the authors advanced a model based on structural equation modelling (SEM). “SEM is a statistical approach comprising a family of different techniques (PathModeling, Partial Least Squares [PLS] and latent variable SEM) that allows the simultaneous analysis of a series of structural equations” (Morard et al., 2013, p. 12).

Schwartz (2005) mentions additional disadvantages of the BSC, including: shortage of employee comprehension – a point also made by Debusk and Crabtree (2006); not having relevant people participating in the planning phase; too many or too few people engaged in planning; and metrics being unrealistic, too few, or too many. Another drawback is the BSC being open to manipulation by employees performing to meet reward-producing targets, whilst not making the same amount of effort in areas where inducements do not exist (Debusk & Crabtree, 2006). In such circumstances, employees who do not have the same opportunity as others to benefit from incentivising performance measures may regard this as biased, accuse management of favouritism, and become demotivated.

3.5 Relationships between PM, the BSC, SHRD and the LGP

The relationships between PM, the BSC, SHRD, and the LGP perspectives are strongly interlinked as change in any one initiates a chain reaction which eventually influences the other. The literature by numerous authors on the balanced scorecard as a performance management system highlights the linkage between PM and SHRD, and the relationship between the LGP and SHRD.

Aburas (2010) states that the BSC has evolved from being a performance measurement tool to a ‘performance management’ system. This emphasises performance management and balanced scorecard sharing the same foundation. Aburas (2010) also contends that whilst performance management can be approached in a number of ways (i.e. with TQM and ISO 9000), the BSC presents

a holistic framework for performance measurement which includes multiple performance perspectives. Thus, the relationship between PM and the BSC is quite fundamental. Corroborating of Aburas' (2010) arguments, Atkison (2006) argues the balanced scorecard meets all criteria for being a complete strategic control system which helps management align all processes of the organisation with the vision and mission. The BSC's perspectives eliminate the basic criticism of most performance management models that they only measure the performance based on financial metrics. The developers of the BSC framework, Kaplan and Norton, emphasise the significance of customer satisfaction, employee satisfaction, and employee growth in addition to financial performance. Thus, the BSC can be viewed as an effective PM tool as it includes perspectives that overarch multiple stakeholders and reflect the performance of the organisation as a whole.

Whilst Atkinson and Shaw (2006) helps establish the relationship between PM and the BSC, Bayat (2011) contends that performance management is a continuous process which includes continuous evaluation of performance and efficiency of human resources. While maintaining the central role of human resource development in performance management, Bayat presents the balanced scorecard as the tool for evaluation and measurement of the performance of human resources. Thus the organisation can enforce performance management by keeping track of the effectiveness of its human resources, enabling the management to exercise control over its human resources and redirect them in a strategically feasible direction through learning and training.

Ahmed et al. (2011) emphasise the importance of the ‘learning and growth’ perspective within the BSC framework with regard to ‘strategic human resource development (SHRD)’. The three factors, performance management, balanced scorecard, and learning and growth, can be interlinked with strategic human resource development. Since the essence of the BSC framework is strategic alignment of the organisation’s vision, mission, objectives, and goals, the LGP perspective helps management ensure development of human resources in the direction that accommodates the overall corporate strategy.

Cribb (2006) discusses HRD in relation to the LGP perspective. She places emphasis on the fact that participation of human resource in core business activities is gradually increasing in the knowledge-intensive business environment. Employees with updated knowledge on the external environment and the ability to acquire knowledge on the changing dynamics can drive the organisation in step with the external environment. Such human resources can offer competitive advantage to an organisation. Thus, integrating the ‘learning and growth’ perspective in HRD is essential for competitive development of human resources. Anand et al. (2005) further highlight the relationship between the LGP perspective of the BSC and SHRD, stating that the BSC includes a “human relations model” which is linked to the motivation and organisational commitment of employees. Branson et al. (2013) present human resources as core elements of performance management. In view of multiple perspectives presented by several authors, it can be said that the LGP of the BSC and SHRD are closely related. The relationships between these are close as any change in one of the factors

influences the others. While PM is a system for enhancement of the overall performance of an organisation, the BSC provides the specific performance objectives including the LGP which can help the organisation enhance its PM. Similarly, the LGP perspective is directly linked with SHRD, as both tools have the same foundation which is enhancement of human resources to facilitate realisation of corporate strategies.

3.6 Performance Management Models (including the BSC) in Different Cultural and Institutional Settings

It is important to explore how PM models such as the BSC work in different institutional and cultural settings to try to understand the critical success factors and impediments affecting their implementation. This section begins with a review of literature on new public management (NPM) and then comparatively assesses how BSC/PM is implemented in different national culture settings before considering the Saudi public sector.

3.6.1 New Public Management (NPM)

Performance management has been introduced in the public sector throughout all tiers of government (Macalpine & Marsh, 2008; Moynihan, 2005; Furnham, 2004). Many theorists refer to this phenomenon as *new public management*. The term ‘new public management’ (NPM) appears to have been coined by Hood (1991) within a concerted public rhetoric of the need to modernise public sector management, administration and operation to make them results-, client- and

competition-focused (Pollitt, 2000). Hood argues that ‘new public management’ is a collection of ideas and is shorthand “for the set of broadly similar administrative doctrines which dominated the bureaucratic reform agenda in many of the OECD group of countries from the late 1970s” (1991, p. 3/4). The unambiguous stated premise of NPM is “to transform the culture of the civil service through the introduction of managerial doctrines and techniques; in particular, a central concern has been to improve the monitoring, control and evaluation of performance” (Carter & Greer, 1993, p. 407/8). Before examining NPM, it is important to set it within its historical ideological context.

In the middle decades of the 20th century, English-speaking Western nations such as the UK, USA, Australia, Canada and New Zealand had what is described as liberal welfare states. Government assumed responsibility for providing a range of public good services and the way policy and service provision were arranged typified the traditional liberal democratic approach to governance. “Specifically, the determination of government was said to be the province of elected governments while in office, while the implementation of policy through government programs was the province of the ‘permanent’ public service” (Stenning, 1999, p. 181). This traditional view and operation of governance and public administration was challenged theoretically during the 1960s (Skarpenes, 2010), and began to change in terms of policy and practice in the 1970s (Stenning, 1999). The NPM has been introduced in a variety of ways by different governments, an emphasis on PM through a quantitative managerialist approach is a leitmotif of new public management. Managerialism is concerned with

managers and institutions as change agents forming a responsible and competent elite (Tilman, 1988; Scott, 1982).

Kickert summarises the three primary constituents of NPM as: “(1) the use of (quasi) market mechanisms; (2) the introduction of business like management models and techniques; and (3) the move towards customer orientedness” (1999, p. 484). A central component of NPM policy is downsizing public sector organisations with functions being outsourced to private sector providers (Carney, 2009; Butler, 2003). The rationale behind this is that the private sector is more efficient at achieving superior performance than the public sector. The financial crisis that began in 2008 led to many governments bailing out privately-owned banks and financial services organisations via quantitative easing with hundreds of billions dollars globally. This calls the ‘private market is superior’ central tenet of neoliberalism and NPM into serious question. Nevertheless, the marketisation of the public sector under neoliberalisation’s influence evidenced in NPM cites performance efficiency and improvement as a primary motivating factor (Hansen, 2010). The focus of the new public governance is results-oriented (Sager, 2009; Moynihan, 2005). As shown shortly, this rational view of government, governance and public sector services relies on quantitative performance measures derived from private sector manufacturing firms. These factors have meant performance management approaches like the the BSC play an important role in the public sector, as enhancing performance is an essential part of NPM.

Unseen, pervasive and insistent, governmentality is power both in philosophy and practice. Practicing public sector governance, the regulatory frameworks and mechanisms dominating much of public sector professionals' working lives exert a considerable self-surveillance and self-disciplining effect. Government sanctioned and promoted TQM discourse is an example of disciplining governmentality resulting in processes that are institutionalised, and socialised subjects who, through the accountability processes designed to measure and assure quality, are variously disciplined, regulated and put under regulatory surveillance (Luke, 1997).

Most of the studies on BSC implementation are based on western organisations. Since the model is also guided by cultural factors, how it works in different cultural settings needs attention. For example, according to Atkinson and Shaw (2006), performance appraisals within PMS in different cultures vary in their purpose and content depending on cultural dimensions (see Table 3.1).

Table 3.1: The Effect of Individualism/Collectivism and Power Distance on the Performance Appraisal Process

<i>Cultural dimensions</i>	Performance appraisal process			
	<i>Who</i>	<i>How</i>	<i>Content</i>	<i>Purpose</i>
Low power distance	Multi-source (eg peer, subordinate)	Participatory two-way communication Employee-initiated Appeals process	Unspecified	Unspecified
High power distance	Supervisor (someone with relatively more power)	Directive Supervisor-initiated No appeals process	Unspecified	Unspecified
Collectivist	Supervisor Third party	Subtle/indirect	Group level More positive tone Relationship-focused (criteria include loyalty, seniority, cooperativeness)	Developmental (increase loyalty)
Individualist	Unspecified	Direct/open	Individual level Job-focused	Administrative (make personnel decisions)

Source: Atkinson and Shaw (2006, p.178).

This indicates BSC needs to be implemented with these dimensions in mind. Nevertheless, in institutional settings, the support of the institution and its various stakeholders is critical to success (Niven, 2011). One of the most common ways of identifying the institutional setting for the implementation of the model is based on the governing bodies of the institution. Following this classification, researchers often distinguish between implementation of the model in the public and private sectors.

3.6.2 Performance Management in Different Cultural Settings

This subsection examines attitudes towards and factors associated with implementing PM and the BSC in different cultural clusters. It begins with Anglo-Saxon cultures, followed in turn by the Arabian Gulf Peninsula, Asian, and Latin-European country clusters. Since there is an extensive body of literature on PM

and the BSC in Anglo-Saxon countries, all literature on these countries referred to relates to the public sector; however, the lack of literature focusing on the public sector in Arabian Gulf Peninsula countries for instance necessitates the use of material dealing with PM and the BSC in both sectors.

3.6.2.1 PM in Anglo-Saxon Cultures

This subsection reviews literature on attitudes towards and application of performance management in the UK public sector, Simmons and Eade (2004) use stakeholder analysis in examining performance appraisal efficacy and equity regarding medical consultants in the NHS and academic professionals in UK universities. Both these groups are knowledge-professionals whose responsibilities and sense of responsibility are vital to the efficacious functioning of their organisations, are used to having relatively high levels of autonomy and professional choice and judgement in deciding how to carry out their main activities and use organisational resources, and are used to working autonomously with self-governance at arms-length from those above them in the organisational management hierarchy. They have high levels of intrinsic motivation and professional ethics, and their loyalty is directed towards their professional development and the respect and codes of conduct of their peers more than organisational management and politics.

Taken together, the disposition and values of such professionals presents challenges for those designing, developing and implementing performance management systems. However their primary professional core competencies are

based on highly developed and specialised knowledge and their relentless focus on professional development. In the current knowledge society, organisations are paying more attention to how to manage such talented and indispensable professionals. To work, PMS must have their support, and they must see such systems “as robust, relevant and under appraise control” (Simmons & Eades, 2004, p. 161). Additionally, knowledge professionals’ performance should be appraised within a broader and more inclusive PMS. The authors propose a holistic, systemic stakeholder model of performance management with relevant stakeholders contributing to the PMS “whereby stakeholder perspectives are identified and (via a ‘stakeholder synthesis ‘process) influence system philosophy, aims, performance criteria and evaluation” (Simmons & Eades, 2004, p. 161).

Simmons and Eades note that whilst there was considerable criticism and negativity regarding the functionality and usefulness of performance appraisals in relation to highly specialised knowledge-professionals, the performance regime is here to stay and no alternative has been presented. Furthermore, traditional approaches to performance appraisal have proved ineffective in organisations requiring high levels of commitment, engagement and innovativeness from knowledge- and creative professionals. Thus, the use of participative stakeholders involved in and directing performance management systems is a solution. Appraisee involvement in developing and subsequent support for performance criteria are major indicators of the likely success of PMS. The reverse is also true.

In a review of horizontal and vertical performance measurement and performance improvement approaches in the public sector in the UK, Goddard and Mannion find that, although there was widespread apprehension towards and criticism of performance measurement as an exercise in top-down management control, the reality was different. The authors found overall, “most sectors use a blend of approaches and incorporate horizontal features that reflect a network approach that is focused on cross-unit comparison and learning as well as top-down control” (Goddard & Mannion, 2004, p. 75). Both vertical and horizontal approaches have their strengths, the former in achieving performance improvement in a few target areas measured by a few indicators, and the latter, in promoting continuous learning and development and facilitating multidimensional applications of performance information by front-line workers across diverse settings. The authors note there is not a single, simple prescription for performance measurement in the UK public sector, but reason that adding to pre-existing “neutral professional networks and addressing aspects of performance that matter locally may also avoid the dysfunctional consequences that can arise from purely top-down approaches” (Goddard & Mannion, 2004, p. 92).

A study examining the impact of NPM in the UK police services highlight some of the *dysfunctional consequences* arising from top-down imposition of performance management systems, in other words, managerialist PMS. Butterfield et al.’s (2005) investigation of the impact of NPM on the police sergeant, who they position as ‘the first line manager’, draw attention to a number of worrying trends affecting the job purpose and focus and the relationships

sergeants have with subordinates. Under the performance management regime applied across the UK public sector, police sergeants, as low level managers, saw their role becoming increasingly that of a ‘practitioner manager’ representing “a shift towards more strategic responsibilities, but with a significant intensification of work, tighter control and scrutiny through organisational performance management systems, and less daily contact with their police constables” (Butterfield et al., 2005, p. 329). The unintended consequences of this is to restrict their leadership and the provision of support to the constables they are managing. Rather than supervising constables, the sergeant as practitioner-manager now has a more expansive, responsible job role with additional strategic, functional and administrative responsibilities. This has led to a ‘playing it safe’ trend focusing on run-of-the-mill monitoring of subordinates against targets. The lack of preparation and the directedness of managerial activity inherent in NPM’s emphasis on performance rather than procedure has increased rather than reduced bureaucracy for the police’s first-line managers, reinforced the widely criticised ‘canteen culture’, undermined community responsiveness through community policing, and strengthened informal networks and subcultures as mechanisms for bypassing bureaucratic constraints to get things done.

The nature of the political discourse also motivates Andrews et al. (2006) in testing the rationale behind the introduction of performance management, namely that public sector performance failings are attributable to mismanagement rather than any environmental or circumstantial misfortune. The results of an analysis of 120 English local authorities using a statistical model to evaluate the effect of

internal and external variables on standards of service “show[s] that organisational failure is to some extent attributable to difficult circumstances (such as diverse service needs and poverty) and management characteristics (such as weak leadership and poor performance management” (Andrews et al., 2006, p. 273). Thus, to understand and effectively address organisational failure and achieve organisational performance improvement, it is necessary to be guided by evidence rather than theory, which will inevitably require theoretical frameworks which embrace both internal and external factors with causative impact on organisational performance to be applied.

3.6.2.2 PM in Asian Countries

In their critique of the ways the Chinese government has, since the early 1990s, recognised and implemented performance management, Burns and Zhiren are generally positive about the application of PM in China. This evolved from using PM as a means of generating economic growth to one focusing “on social and public service functions, sustainable development, and administration by law” (2010, p. 32). Indicating the Chinese government agrees with the neoliberal thesis that welfare state provision is inefficient and does not respond to individual ‘customer’ needs, and also in response to pressure from its citizens regarding the need to improve the performance of the public sector, the Chinese authorities have embarked on a large-scale outsourcing programme. This outsourcing and privatisation strategy has, however, been patchy with notable failures as well as successes. The performance management process has been driven by both central

government of the top-down variety similar to what is seen in western countries, and also by local government initiatives.

Centrally controlled, mass reorganisations were undertaken partly because of the ever-expanding complexity of the Chinese public sector. “The number of government agencies reached its peak in China by the end of 1981. There were a total of 100 agencies in central government... [including] 52 ministries, 43 agencies directly attached to the State Council, and 5 administrative offices” (Burns & Zhiren, 2010, p. 11). Whilst the sheer size of the Chinese state and the vast extent of governmental responsibility necessitated a gigantic, complex bureaucracy, there were inefficiencies and waste on a vast scale with too many employees and consequent overlapping of responsibilities and duties, which led to employees and managers ‘passing the buck’ rather than taking responsibility. Another outcome of these overlaps was difficulty in achieving policy coherence and congruence. Thus, between 1982 and 2008, the Chinese government implemented six major institutional reorganisations involving administrative and structural change which a significant impact. For example, the 1982 reorganisation led to major reductions in the numbers of civil servants (including senior management positions), (Chinese Society for Public Administration, 2002, cited in Burns & Zhiren, 2010, p. 11). This is significant as, rather than pursue a managerialist approach to PM, the Chinese appear to have focused on structural change. Part of these changes have seen local governments exercise greater autonomy which has enabled central government to concentrate on and become more effective in monitoring local government performance. Aiming to achieve

performance improvement from government employees, the civil service reforms were institutionalised into statute in the Civil Service Law (2005) that includes performance management elements such as “competitive entry and promotion, performance appraisal, and performance-based rewards” (Burns & Zhiren, 2010, p. 13). These PM reforms have, in theory, increased focus on evaluating individuals’ performance, which can be viewed as a move away from collectivism towards individualism. In practice “over 99% of civil servants [have been] rated ‘outstanding’ and ‘competent’ and thus receiv[ed] a bonus and pay hike” (Burns & Zhiren, 2010, p. 13). This supports some of the previous criticisms of PM and the BSC, which claim managers and supervisors avoid workplace conflict by not addressing some employees’ poor or questionable performance. In the case of China, Burns and Zhiren (2010) suggest that it may be understandable, rational and pragmatic for supervisors to manage performance in this manner as many local government employees have few genuine opportunities to receive good performance rewards. In addition, whilst the individualising performance may be commonplace and standard practice in countries with individualist cultures such as the UK and USA, it is far from universally recognised and practised. “Indeed, where the prevailing view is that it takes contributions from everyone to achieve continuous improvement (i.e., the concept of ‘kaizen’ in Japanese enterprises), the practice of singling out one employee’s contribution may actually cause that employee to ‘lose face’ among his or her fellow workgroup members” (Cascio, 2011, p. 191). Remarking that there is little empirical literature on the opinions of public service trainees in Hong Kong of the training they receive, Huque and Vyas’ (2008) study assessing the experiences of trainees and trainers is instructive

in revealing that trainees welcomed the training as keeping them informed about important policy and practice developments, whilst criticising it for not assisting them to adapt to meet changing workplace conditions. In addition, the trainees bemoaned the lack of on-the-job training, and the trainers “agreed on the fact that the institute is unable to cope with the task and responsibility of training the entire public service and conceded that it is difficult to anticipate the future training needs in the rapidly changing environment in which public administration takes place” (Huque & Vyas, 2008, p. 188). Noting the increasing importance of public sector performance measurement and management throughout the world, alongside China’s continued integration into global systems, the authors conclude that a variety of perspectives need to be included in a Chinese performance management system. These include “[f]inancial and efficiency measures, socio-political measures and community scorecards, predicated on efficient knowledge management that, in particular, identifies and acquires the latent knowledge held by employees at all levels within governmental organisations” (Huque & Vyas, 2008, p. 204). Thus feedback from the learning and development recipients and providers is integral to knowledge management that leads to enhanced strategic thinking, performance objective setting, performance measurement, performance improvement and performance management.

In another China-focused study which highlights the lack of literature on Chinese civil servants’ perspectives, Wang and Huang (2013) investigate the correlation between the value individuals assign to work and their performance levels. The research results indicate correlation and causality linking individual employee

growth and actualisation and performance improvement. The authors suggest that in contemporary China, and by extension the contemporary world, work is increasingly seen not as an end in itself but, rather as a means of achieving equilibrium in life. Therefore, in terms of top management seeking to achieve performance improvement via performance management, focusing on individual wellbeing, self-growth and self-actualisation of employees may be a positive step in realising performance objectives. Moreover, PMS that place the dignity of employees at the centre, and thus creates feelings and attitudes among employees which resonate with receiving respect and approval from both others and self, is likely to improve the performance of those individuals. This employee-centred view of PM does not agree with the picture of the managerialism of NPM encountered in the previous section. Strategic human resource development should be built around the work values of employees. In other words, recruitment and selection should be directed towards attracting and securing staff “fit for the purpose of the work to be done” (Wang & Haung, 2013, p. 77). The authors seem to be extolling an SHRD performance management approach based on the *best fit* theory of HRM and the higher levels – esteem and self-actualisation – of Maslow’s hierarchy of needs.

Yamamoto’s (2008) investigation of the outcomes of Japan’s NPM process of ‘agencification’ (the governmental separation of policy making and direct service-providing responsibilities) reveals problems in bringing non-financial metrics into the budget process. On the other hand, the incentive-based principal agent means of implementing NPM has proven effective in terms of financial measures of

performance. The mixed outcome is attributed to “politics in the budget process in addition to the technical issues involved in performance measurement” (Yamamoto, 2008, p. 36).. The issue of the impact of public opinion within a democratic system in which citizens as voters can change governments is not one faced by the Chinese government, nor the rulers in the Kingdom of Saudi Arabia. Yamamoto’s conclusion that “the public sector in Japan has not reached a matured level in management practices and culture, because for a long time the practices were legitimised according to compliance with procedures and regulations” bears similarity to the conclusions reached in the above studies related to China and performance management (2008, p. 37). This may be explained, at least partly, by the collectivism within Asian cultures, where individualisation of performance runs counter to the traditional, hierarchical, collective, organisational behaviour. Here it is imperative that those responsible for implementing performance management are themselves held accountable through performance measurement and management, otherwise, as Cascio (2011) maintains, they will not have the incentive to individualise performance evaluation and management as is the custom in Anglo-Saxon cultures.

3.6.2.3 PM in the Arabian Gulf Peninsula

Alharbi’s (2009) performance measurement model that aims to help improve Saudi universities’ services to students is based on a total quality management (TQM) approach. Describing TQM as “[d]oing the right thing the first time and all the time”, Alharbi contends that KSA’s moderate higher education performance will be improved by adopting a “TQM approach based on customer

satisfaction” that includes “an independent accredited or academic evaluation system that accredits, monitors, and/or approves academic programmes” (2009, p. 281/294). Cultural change leading to the recognition of students as customers who universities have to satisfy is also mentioned.

Another Saudi-focused study cites the importance of customer satisfaction and the centrality of customer relationship management (CRM) to performance management, as customer attitudes and loyalty determine organisational success, Al-Mudimigh (2009) modifies the BSC in developing a CRM scorecard for Saudi banks to enhance customer satisfaction and loyalty. Al-Mudimigh (2009) tested the relevance given five perspectives in public sector organisations’ performance evaluation: clients and citizens, social responsibility, internal processes, learning and growth, and financial aspects. Whilst respondents ranked clients and citizens, followed by social responsibility as most important and relevant, the LGP was second to bottom with only the financial perspective below. In assessing Saudi banks’ financial and non-financial performance perspectives and measures, learning and growth is not amongst the perspectives, and the only reference to employee learning, development or growth is the mention of ‘training days’ as an organisational process capability measure (see Table 3.2). This means that, at the time of the study, Saudi banks were not formally recognising or responding to the importance of developing their employees as a way to improve performance and enhance CRM. Despite this and the fact that the study mentions, describes and uses the BSC as a basis for a CRM scorecard model, learning and growth is not among the model’s perspectives. Al-Mudimigh’s (2009) six CRM perspectives,

the first three (customer, financial and process) and the remaining three (people, management strategies and environment) relate to the use of ICT (see Table 3.3). The only reference to anything that could come under learning and growth is ‘training for management’. This focus on managers is another example of managerialism and the omission of employee learning and development is indicative of a short-sighted view of performance measurement, improvement and management which does not recognise that employees are central to any PM strategic process. In banks, where frontline employees have a major impact on customer attitude, satisfaction and loyalty, not to include them in developing a CRM approach and practice and not seeking to enhance their knowledge and competencies seems backward-looking and contrary to a strategic approach to improving performance and CRM.

Table 3.2: Organisational Process Capability Measure

Perspective	Measures
Financial	<ul style="list-style-type: none"> • Sales • Cost/Sale
Customer	<ul style="list-style-type: none"> • Customer satisfaction score • Market share
Process Capability	<ul style="list-style-type: none"> • Time to resolve complaints • Training days

Source: Al-Mudimigh (2009, p. 349).

Table 3.3: Proposed CRM Scorecard

<i>CRM prospective</i>	Successive factors	<i>Measures</i>
Customer	Customer behavior	Behavior (%)
	Customer satisfaction	Satisfaction (%)
	Customer loyalty	Recency Frequency Monetary Value (RFM)
	Customer value	Complaints by customer (#)
Financial	Profitability	Net sale per employee, Net sale in (\$)
	Customer equity	Profit per customer, Customer equity
	Shareholder value	SHV
Process	Customer retention	Response time (Wait time), Complaints resolved on first call (%) Retention rate (%), Delivery time, Customer churn rate, Reject rate by delivery, Trouble tickets cleared. ¹¹
	Customer expansion	Share of wallet (%), Core customer ratio (%), Cross/Up-Sell Rate, Value per order. ¹¹
	Customer acquisition	Leads per channel, Acquisition (#), Visits on web (#), Win-back (%), Profitability of new customer, Response rate, Sales success rate (Hit ratio), Customer contact rate. ¹¹
<i>Infrastructure IT</i>	CRM technology	Customer database (#), Available information (%), Customer report (#), Customer queries record (#).
People	Management attitude	Cooperation (%), Experience exports,
	Employee behavior	Behavior through survey (%),
Management strategies	Employee satisfaction	Employee satisfaction (%)
	Rewards system	Rewards per employee (#)
	Training	Training days or months (#)
Environment	Management	Management satisfaction (%), Employee complaints about management (#)
	Partnership	Partner's behavior (%), vendor diversity
	Market orientation	Extracted knowledge from the customer database (#), Number of customer surveys (#).

Source: Al-Mudimigh (2009, p. 350).

The United Arab Emirates (UAE) are in some ways similar to KSA. Both are Islamic rentier states which use the revenues from oil to diversify their economies and help their citizens become effective and competitive in the global knowledge economy. To modernise, the UAE has introduced electronic performance management systems (e-PMS) into its public organisations (Al-Raisi et al., 2010). E-EPMS objectives include equitable treatment of all employees, fast response rates, minimal inconvenience, and low cost throughout all organisational hierarchical levels. “Effective electronic performance management entails a

process where each employee is fully aware of his or her role in the organisation, what type of output is expected and how the output will be measured” (Al-Raisi et al., 2010, p. 22). The authors are enthusiastic supporters of e-EPMS, asserting that they empower employees by providing them with clarity regarding performance targets. Whilst not explaining how clarity about performance targets leads to employee empowerment, the authors state that performance goals and targets do not have to be fixed and can be changed in response to a number of variables, one of which is employees’ capabilities. The investigation produced a range of positive results, including improvement in management processes, employee performance monitoring and evaluation, policy development, and interdepartmental communication and information exchange. Moreover, by reducing bureaucracy e-PMS resulted in significant improvement in UAE public sector employees’ professionalism.

However, a review of the research methodology reveals a number of factors that call the robustness and validity of these conclusions into question. The research participants were HR supervisors, HR specialists, HR managers and HR directors. Furthermore, 43.33% of respondents have undergraduate qualification, 31.33% have Masters and 13.33% PhD qualifications (Al-Raisi et al., 2010). In other words, approximately nine out of ten research respondents (87.99%) were university educated and occupied supervisor, management or technical positions that involve monitoring the performance of others. Research data from other employees with no university qualifications might present a more accurate picture. Additionally, results from questionnaire items assessing satisfaction rating

all fall below the target of 75% satisfaction level, as well as being questionable because the responses of supervisors, managers and technical professionals are being taken as reflecting universal satisfaction ratings even though less qualified employees further down the organisational hierarchies who form the majority were not included in the research. Finally, the research used a quantitative data collection method, a questionnaire survey. Such instruments are limited in gauging reasons for people's feeling and perceptions.

The authors sum up by stating that to be successful performance management must include "systems and people working together to ensure meeting the desired objectives. Soft aspects such as culture, leadership and learning are just as important as data, processes and systems; all need to work together for successful E-PMS" (Al-Raisi et al., 2010, p. 31). The inclusion of culture is apt but unfortunately national cultural characteristics and their impact on organisational and individual attitudes and behaviour is not mentioned elsewhere in the study. Culture is also absent from Siddique's study of proactive job analysis as a means of improving organisational performance. Citing the literature, he suggests that job analysis is the foundation for other HRM activities and provides invaluable information about the content and nature of jobs that is then used by HR specialists to develop documentation on job description and specification and performance standards which can then be drawn on for HRM decisions in other areas such as recruitment, training, performance appraisal and health and safety which relate to the specific characteristics of jobs (Siddique, 2004).

Examining the effectiveness of job analysis in improving organisational performance in 148 public and private sector organisations located in the UAE, the study revealed that there was a strong correlation between practical job analysis and organisational performance particularly regarding the extent and quality of organisations' HR IT systems and the placement of HR in the strategic management process. Thus, companies prioritising HRM by, for example, job analysis, demonstrate superior organisational performance and are more likely to achieve competitive advantage. The importance of ICTs is also highlighted, as is the requirement to focus on competencies in job analyses. Returning to the subject of culture, it appears this is not a consideration for the author, as Siddique concludes that the research findings "are consistent with studies conducted in Western countries on the contribution of HR function to organisational performance" (2004, p. 242). However, the research methodology consisting of semi-structured interviews with managers does not appear to replicate that used in Western contexts, so it is difficult to verify this claim.

AlBarwani and West recommend the Omani healthcare sector adopt a performance measurement system, which they define as "data driven mechanisms generated for continuous performance improvement" (2006, p. 95). The authors reason that the well-run Omani healthcare system would improve even further with a performance measurement system that utilised evidence from practice elsewhere and measured the performance of clinicians in Oman dealing with chronic diseases. Recognising there may well be resistance to changes in practice, AlBarwani and West (2006) advocate convincing clinicians of the value of a

disease management approach to their clinical practices and observe clinicians are the ones who control and push through the disease management process. This focus on senior professionals, with no corresponding call for a collaborative process involving nurses and other employees whose input is vital to patient care and wellbeing, is similar to the type of managerialism witnessed in Western nations where head teachers and general practitioners, for example, have been given far more responsibilities and authority in NPM. AlBarwani and West (2006) adopt a strategic approach in proposing the performance measurement system for the Omani healthcare sector, noting that achieving integration must involve long-term collaboration between providers of primary and secondary healthcare, adapting the current system, upgrading ICT systems, organisational change, and changing the systemic view of performance. Another indication of the managerialist approach implicit in the recommendations is confirmation of the Omani Ministry of Health's "incremental improvement process... towards decentralization and autonomy in each region [that] will help to empower regional managers to target populations at risk for health promotion and disease prevention efforts" (AlBarwani & West, 2006, p. 107).

Juhmani (2007) studied factors influencing the extent of usage, non-usage, potential take up and usefulness of the BSC amongst Bahraini companies. 54 of the 83 companies responding stated they used the BSC; the main reason given by those companies not using it is the challenging necessity of increasing the knowledge of their employees. Such a response appears counterintuitive as one would think having a more knowledgeable workforce would significantly improve

organisational competency which will then positively influence performance. All companies responding were enthusiastic about the BSC and its facilitation of strategic alignment, coherent performance measurement and prioritisation of strategic and functional level decision-making.

After this discussion of the significance of the BSC in non-Anglo Saxon countries, the following section now examines the literature which relates more directly to the subject of this research, the Saudi Arabian public sector.

3.6.3 Saudi Arabian Public Sector

3.6.3.1 Employee Motivation

Motivation is the main force which causes an individual to strive to enhance their performance and is vital for improving it (Smith & Rupp, 2003; Steesma & Vissa, 2007). It can also be argued that it causes human beings to behave in many different kinds of ways (Harris, 1994). It is also important as it has a direct link to both organisational performance and organisational culture (Wegge et al., 2006).

Research conducted amongst employees in the Saudi public and private banking sectors found motivation positively correlated to rewards and job satisfaction (Jehanzeb et al., 2013a), and that motivation does not have a significant relationship to organisational citizenship behaviour (OCB) (Rasheed et al., 2013). This finding is particularly interesting because seven predictors of OCB were examined: “Job Satisfaction and Organisational Commitment, Role Perceptions, Fairness Perceptions, Leadership Behaviour and LMX, Individual Dispositions, Motivation and Feedback”, of which only ‘Motivation’ was not positively

correlated (Rasheed et al., 2013, p. 129). Unfortunately, though this ran counter to the authors' hypothesis, they do not discuss possible reasons for this outcome nor its significance to their study or the wider field. The result could be an anomaly.

Distinguishing between external or intrinsic and internal or intrinsic motivations, and defining rewards as job-derived benefits, Jehanzeb et al. (2013a) argue employees in the present age are intrinsically motivated when they enjoy and get satisfaction from their employment. In their investigations into interrelationships between Saudi public and private sector banking employees' rewards, job satisfaction and motivation, the authors found that employees were moderately motivated. This is important for this study, as highly motivated public sector employees are more likely to have higher performance levels than those with lower, including moderate, levels of motivation. Jehanzeb et al. (2013, p. 275) use the word "strong" in describing the interrelationships between motivation rewards and job satisfaction, but fail to provide a clarifying or analytical discussion of the relevance or significance of their findings. They could, for example, have discussed particular constituents of motivation in the public sector, such as level of qualification, organisational (Gould-Williams & Gatenby, 2010), work environment (Manolopoulos, 2008), impact of public service motivation (PSM) (Camilleri & van der Heijden, 2007; Kim, 2005), alignment between organisational mission and motivation (Wright, 2007), and/or the type and quality of management (Mokgolo et al., 2012; Marcinkevičiūtė & Petrauskienė, 2009), and the relationships these produce (Devine, 2004), distinguishing between analyses of the differing causalities of intrinsic and extrinsic motivators

(Mundhra, 2010), comparing interrelationships under study in public and private sector employees (Chaudhry et al., 2011; Awortwi & Vondee, 2007), and the effect of motivation, rewards and job satisfaction on performance (Ahmed et al., 2010; Pandey, 2010; Durant et al., 2006).

3.6.3.2 Employee Learning, Training and Development

In a comparative analysis of public sector administrators' observations and opinions on whether public organisations utilise and/or underutilise their human resources, Al-Yahya made two discoveries that may be relevant to this study. The first was the existence of "a widespread under-utilization problem. Skills and abilities of civil employees, although relatively and increasingly abundant, are invariably underutilized" (Al-Yahya, 2010, p. 28). The second finding relates to management's predisposition towards "strict reliance on seniority rather than consideration of competence in advancement and empowerment opportunities" (Al-Yahya, 2010, p. 41). For a study focusing on the design, development and deployment of a performance management tool within KSA, Al-Yahya's exposition draws attention to the importance of ensuring that Saudi public sector management is aware of the knowledge (especially in tacit forms), experience and competencies of its existing workforce. Moreover, awareness of this research, which involved 540 employees from 10 Saudi Arabian public sector organisations and almost 400 public sector Omani employees and was conducted via questionnaire, highlights the importance of having SHRD policies, programmes, processes and procedures that are aligned with corporate and performance management objectives directed towards sustained and superior organisational

and individual performance. These involve for example inclusive decision-making, empowered work teams, alignment of employee to job, and meritocratic advancement (Al-Yahya, 2010). In a related study investigating the prevalence, dimensions and causality of power-influence in Saudi Arabian public sector organisations in respect to decision-making, competency utilisation and organisational culture, Al-Yahya (2009) contends that whilst a more participatory style of management can be realised relatively quickly with structural and procedural change, “organisational culture change is a difficult and lengthy process and thus may affect the adoption and effectiveness of the participatory process” (2009, p. 402). Unfortunately, the author neglects to elaborate on the reasons for this, although one can postulate the difficulty lies in achieving attitudinal change, as individuals are steeped in the ‘traditional’, normative authoritative approach to management. In both studies, Al-Yahya (2010; 2009) points out there are, alongside problems and challenges, signs of progressive change in Saudi Arabian public sector institutions regarding development which is more inclusive and supportive, recognises and utilises competency, and involves meritocratic management. Improved employee learning and growth has to be located within effective employee competency utilisation or it will not effectively achieve the desired performance improvements.

High uncertainty avoidance is a predictor and consequence of resistance to change which may have been designed to enhance organisational and individual performance. Abdulhamid’s (2011) examination of the impact of demographic and functional factors on Saudi public and private sector employees’ attitudes

towards work-related change reports that employees' level of qualification was a determining factor, along with gender and work experience. Consequently, one recommendation is for management to provide employees with relevant training in behaviour skills acquisition, enabling them to more effectively adapt to and implement change.

A study conducted with management and subordinates in Saudi hospitals reveals perceptual differences, with the former perceiving significant and adequate employee participation in decision-making and training opportunities, whilst the latter thought the opposite (Al-Saleh & Ramadan, 2010). It is important that there is alignment between employees' and managers' perceptions of employee learning and growth needs and their realisation. If this is not so, attempts at performance appraisal and improvement are likely to prove ineffectual because they may not be based on reliable premises, and employees may lack extrinsic motivation as they do not feel valued by the organisation. In another study carried out within the Saudi health sector, Almalki et al. (2012) report nurses being significantly dissatisfied with their quality of work life (QWL), citing insufficient opportunities for professional development as one of the main reasons, alongside other factors such as length of working hours, poor facilities, and poor managerial and supervisory practices.

Employee learning and growth, important as they are, have to be contextually applied. Taking up this theme, Zahrani argues that "[e]mployees' psychological empowerment is predicated to act as the most important antecedents for

workplace learning for a 21st century workforce” (2011, p. 53). This contention is supported by Zahrani’s (2011) research into psychological empowerment and workplace learning amongst 170 employees in the government-owned Saudi Telecom Company (STC). Using a questionnaire data collection instrument to examine participants’ perspectives, the psychological empowerment construct contained four factors: (1) meaning, (2) competence, (3) self-determination, and (4) impact, whilst the workplace learning construct comprised (1) job knowledge, (2) acculturation to the organisation, (3) establishing relationships, and (4) satisfaction with learning experiences. The strongest relationship reported by Zahrani (2011) relevant to this study was between self-determination and workplace learning, possibly because self-determination – the self-knowing and respecting capacity to set and attain goals – embraces several psychological and socially interactive factors, though these are not identified or discussed. Self-determination theory maintains “that the satisfaction of basic psychological needs for competence, autonomy, and relatedness is the key to autonomous regulation” (Meyer & Gagné, 2008, p. 60). Self-determination within the employment context may be enabled or constrained by organisational structure, culture, environment, as well as the attitude, competence and practice of managers and supervisors. Self-determination exists within organisations where there is participatory management and, as Meyer and Gagné attest, is positively correlated to employee engagement, itself a prerequisite for sustained, high quality performance. Hossein et al. (2012) find organisational factors such as trust (which is predicated on the relationship between managers and employees), equitable rewards, opportunities

for professional development and functional performance appraisal, are all positively correlated to employee empowerment and self-determination.

In a study on the relationship between employee training, organisational commitment and turnover intentions in the Saudi private sector, Jehanzeb et al. report a positive correlation between employee training and their commitment to the employing organisation. This finding supports the thesis that learning and growth contribute to employee performance (Jehanzeb et al., 2013b). Emphasising that having skilled employees is central to organisational success, Shiryan et al. highlight the training of management as an important factor in efficacious employee training in Saudi Arabia. In particular, emphasis is placed on “leadership qualities and change management”, described as fundamental to directing the attainment of organisational goals (Shiryan et al., 2012, p. 46). In addition, the authors found the committed, motivated, active involvement of managers in the training process contributes to achieving the outcomes of the training, especially improving performance.

3.7 Conclusions and Literature Gap

Performance management is emerging rapidly as an area of strategic importance in most organisations. The literature review revealed that increasing competition, globalisation and transnational economic cut-backs have made it an integral part of organisational strategy across the world. Performance management systems help organisations align the goals of the organisation as a whole with individual goals of employees to ensure fulfilment of the organisation’s strategic vision.

There are various theories and models of performance management that can be customised and implemented by organisations towards this end. Among these, Kaplan and Norton's BSC has emerged as one of the most popular PM models. However, despite the increased importance of PM in strategy, the review of the literature showed that the concepts of PM and PMS are poorly understood, and that they could mean different things to different groups of employees in an organisation, for example the understanding differs between managers and employees. Such differences in conceptualisations would imply that goals and expectations would differ within the same organisation. This raises as an area for study the way the various groups within an organisation understand and perceive PM and PMS.

This chapter has also reviewed the literature on the conceptualisation, design, application and implementation of the BSC. The review of the theory and practical considerations of the BSC revealed that the BSC is guided by four perspectives (customer, internal, financial, and learning and growth). While all perspectives are all important and essential for success and the organisation's strategy, the LGP was found to be particularly important as the driving force behind the objectives of the model. This perspective deals with training, development and improvement of the non-financial assets of the organisation, such as its personnel and infrastructure.. The focus on the development of employees was identified as a key aspect of a close link between the LGP and SHRD goals of an organisation. Researchers have indicated a close link between

the LGP and the success of the organisation's HRD strategy. Hence, the LGP is extremely important for any organisation trying to adopt the model.

The review of the literature on the BSC also identified the strengths and weaknesses of the BSC and showed that in many cases there are important obstacles that affect the implementation of the BSC, with many huge projects failing at huge costs. The majority of failures is linked to the implementation of the BSC, and the majority of the evidence tended to show problems that were associated with the LGP. Researchers have even suggested that, to ensure maximum benefits, organisations should begin with the design and implementation of the LGP and then move on to others. These problems are exacerbated in situations where the BSC is to be implemented in a private sector organisation, and even more so in one in a different cultural environment. In addition, the link between SHRD, PM and the LGP is also poorly understood. In view of arguments presented by multiple researches, the cascading relationship between performance management, learning and growth perspective, and SHRD can be identified. Researchers argue that SHRD is located at the core of performance management, while the learning and growth perspective of the BSC plays a key role in ensuring effective and efficient implementation of SHRD.

The BSC as a PMS has been the subject of considerable research, predominantly regarding with its implementation in the private sector. As mentioned in Chapter 1, the researcher's search for academic literature on BSC implementation in the Saudi Arabian public sector produced few results, with most of the literature using evidence based on a few examples. This may be because the BSC system is still new to the Saudi public sector. A literature gap was identified in efforts to

determine the capability of the Saudi public sector to implement the LGP within its PMS; there is a need to investigate the extent to which the users and top management understand PM and conceptualise the LGP.

Importantly, the founders of the BSC did not provide the means to measure the LGP; they tell us what to measure, not how. Kaplan and Norton (2004) and Niven (2006) simply describe qualitatively the drivers of the LGP, without providing valid and reliable quantitative measures, leaving a gap in the literature particularly regarding the conceptualisation of the LGP, what dimensions/variables are measured and how LGP can be measured in a valid and reliable manner. Indeed, Marr and Adams (2004) present a strong criticism of how Kaplan and Norton fail to provide a consistent and reliable measure of the LGP. This study will add to the literature on LGP implementation, especially in the public sector, as well as contributing to understanding the effectiveness of the LGP in a different cultural context. There is also the opportunity to provide empirical insights into performance management in a country such as Saudi Arabia. This chapter has therefore identified the knowledge gap that this study is going to address. The next chapter presents the research methodology.

CHAPTER FOUR: RESEARCH METHODOLOGY

4.1 Introduction

The previous chapter presented a critique of the existing literature on PM and the BSC, in particular, the LGP and SHRD. The Saudi government aims to implement a new PMS, and is particularly interested in the application of the BSC for PM within its government bodies to improve its public performance. An important element of the BSC is the LGP, which is considered the foundation of any strategy. The successful implementation of the BSC largely depends on the extent to which the users understand the concept of the LGP. However, despite the wide publicity surrounding the BSC, there is no scientifically established tool that can be used to measure the LGP, even though there is a wide recognition that the successful implementation of the BSC needs a valid and reliable measure of the LGP. As indicated previously, this thesis is based on broad research objectives rather than specific and detailed research questions; the intention and purpose is to explore and understand from different perspectives of management groups and employees the readiness of implementing the BSC's LGP in the Saudi public sector.

The main areas addressed in this chapter are a discussion of the Research Philosophy; Research Approach; Research Design; Qualitative, Quantitative and Mixed Research; an evaluation of the data collection methods (interviews and structured questionnaire), a description of the questionnaire and interview questions design process, Sampling Strategy; Data Collection; and. Validity, Reliability; Access and

Ethical; and Data Analysis for the both the interview and the questionnaire are also described.

4.2 Research Objectives

This research aims to investigate the Saudi public sector's readiness for LGP implementation. Appropriate recommendations to address the problems or obstacles that the Saudi government may face in the implementation process are developed from the research findings.

The research objectives are:

1. To establish Saudi Arabia's public sector managers' and employees' understanding of performance management systems within the context of SHRD
2. To understand how performance management is experienced and perceived by Saudi Arabian public sector managers and employees.
3. To assess the readiness of the Saudi Arabian public sector in implementing the learning and growth perspective in the context of the current performance management system.
4. To improve understanding of approaches to the learning and growth perspective in different institutional and cultural settings, particularly in the Saudi Arabian public sector.

4.3 Research Philosophy

The purpose of this section is to address the philosophical assumption used in this research and the justification of this selection. It is accepted that any academic research has to be carried out based on a philosophy that determines how the researcher sees the world and how the knowledge is accepted depending on the school they follow. Researchers in general must be aware of what philosophical assumptions they make when they choose a specific research strategy because of the way those assumptions influence the way researcher comprehend the phenomena under investigation; this is specially the case in business and management researcher (Cameron, 2011). In the present research, investigating the readiness of the Saudi public sector to implement the LGP will be carried out using mix-method approach (i.e. both qualitative and quantitative). It is qualitative in requiring exploration of attitudes towards performance management system applied and the readiness of implementing the LGP from the CEOs and the HR professionals. It is quantitative in measuring and providing numerical indicators of knowledge, perspectives on performance management and developing new dimensions to measure the LGP of the BSC. The following paragraphs will discuss the main research philosophies in social science and which the closest philosophy for the present research.

Research theory can be explained by introducing the positivism as an example of objectivism and interpretivism as an example of subjectivism. While there are ranges

of other theories in between, these two approaches are mainly represented as the most common extremes to contrast research theory. The positivists believe that “knowledge can only be based on what can be observed and experienced” (Williamson, 2006, p. 84). With this empirical view of reality comes a reliance on quantification as a means of measurement and objectivity throughout the research process (Henderson, 2011). The quantifiable measurement aspect of positivism points towards its status as the philosophical foundation for quantitative research which relies on numerical data collection methods. These include questionnaire surveys as used in this study (with the middle managers and employees). This study however is not designed to be a positivist account. A positivist would assume that “truth is an independent part of a whole, theory should be deductive and a priori, rational cause and effect is possible, and that scientific research is objective/value-free” (Henderson, 2011, p.341). Quantitative researchers take the position that research should not be influenced by the background, beliefs or experiences of researchers but by objective analysis of research data. The main challenge with that approach is that it is utilised best to test specific predefined variables, which would not be the best approach to answer this PhD questions. For example, in section 4.4, Research Objectives, objective number two stressed on the importance of understanding how performance management is experienced and perceived by Saudi Arabian stakeholders, such an objective cannot be achieved using premeditated variables. In this PhD setting, the biggest challenge with a method using only premeditated variables is that it could

lead to missing a valuable opportunity to learn from the context that allow the researcher to tease out what testing fixed variables could not deliver. Thus, qualitative research was used in this PhD because it allows the researcher to learn from the stakeholders' context and their experience by allowing them to use their own words to describe them. In addition to that, this method will be the most useful to tease out how the Saudi Context would influence the implementation of a western management system like the BSC in a different country of its origin.

The interpretivist believes that individuals can interpret the environments they live in and contribute to. Interpretivist researchers “believe that the social world is constructed by people and is therefore different from the world of nature” (Williamson, 2006, p. 84). They believe that theory should be based on construction and the reality is developed and understood through the individuals who are social actors. This presents the central difference between positivism and interpretivism. Positivism contends that reality or ‘truth’ can be deduced quantitatively independently of human subjective experiences and assumptions derived from them. Interpretivism contends that reasoning is inductive and meaning/reality is socially constructed. Because of the nature of the present research objectives, committing to either objectivism or subjectivism ontology would not be sufficient to meet the research objectives. As explained earlier to fulfil the research objectives, it is important to adopt a philosophy that is both flexible and rigorous. Pragmatism, which

will be introduced in the following sections, seems to be a better ontological stand for its ability to concentrate on the research outcome (Fetters & Creswell, 2013) in a way that is flexible enough to encounter the stakeholders' experiences, but rigorous enough to be trusted as a sound academic tool.

Realism, or critical realism, lies somewhere in between positivism and interpretivism. Developed as an alternative to positivism and interpretivism, critical realism is an inclusive approach to research. Critical realism allows for flexibility, dualism, and plurality in research design and practice. "Critical realism is a philosophy of science that is open to practical application through reference to any individual theories, methods and tools that can be combined in order to reveal causal mechanisms and contexts" (Fox, 2009, p. 466). Positivism avoids different degrees and plurality in favour of the quantitatively verifiable absolute, and interpretivism encourages diversity and relativism. On the other hand, critical research includes both the theoretical and the practical. Rather than competing against the philosophical traditions of positivism and interpretivism, critical realism "provides a unifying direction for the combination of individual theories, methods and tools" (Fox, 2009, p. 466). The critical realism researcher is not bound to a specific set of research activities that follow a particular research philosophy, paradigm or approach. Research guided by critical research allows for a cross-

disciplinary approach and enables the researcher to adopt a practical research strategy without having to stick to positivism and/or interpretivism.

Positivism is oriented towards knowledge analysis and development, whereas critical realism is mainly concerned with theorising about knowledge. Cruickshank (2012) argues that the rational science of positivism is based on ontological beliefs and hypotheses about the nature of reality that are similar to experienced reality. Thus, critical realism is “an open system because unobservable causal laws interact in contingent ways to produce change at the level of observable events” (Cruickshank, 2012, p. 73). Representing critical realism as a *practical ontology*, Oladele et al. (2013) posit that as a research philosophy, it represents a groundbreaking intervention that utilises underlying factors of interpretivism together with the empirical data of positivism. Unlike traditional realist approaches, critical realism views social systems as open rather than closed systems (Mir & Watson, 2001). This opens up the field of enquiry to many perspectives and constructions. Critical realism challenges the empiricist foundations of positivism whilst remaining open to the inclusion of positivist research methodologies. These include the quantitative questionnaire survey method of data collection used in this research.

Critical realism provides a relevant basis for use in the present research. A reason for this is its flexibility and ability to critique and borrow from existing research

philosophies and approaches. Furthermore, it is pragmatic, inclusive and can be applied as a functioning ontology. In essence, critical realism can be positioned in the space between the empiricism of positivism and the relativity of interpretivism. This demarcated position is made possible by critical realism's linking of "assumptions about the existence of the world and society (ontology), the idea of how knowledge is possible and of what (epistemology) is, and the [importance of the] choice of methodological approach" (Zachariadis et al., 2013, p. 856). This makes it an appropriate research philosophy for the present study.

The consideration of critical realism as the research philosophy underpinning this study's empirical research allows for the equal utilisation of positivist/quantitative and interpretivist/qualitative analysis. The positivist/quantitative analysis is of the numerical data arising from the data derived from this research's questionnaire survey. The interpretivist/qualitative data come from this research's interviews. The combination of quantitative and qualitative philosophies is suited to achieving the 'comprehensive and holistic understanding' of the Saudi Arabian public sector's PMS which is the first research objective. The quantitative survey facilitates comprehensiveness as it enabled the researcher to cover a wide range of issues with a large number of participants. Meanwhile, the qualitative interviews enabled the researcher to get a more holistic view than would have been the case if only the

questionnaire had been used. Thus, critical realism offers the prospect of a more balanced research approach.

4.4 Research setting

The Saudi public sector contains 21 ministries, all of which are located in Riyadh City, and work under one system (the Saudi Civil Service System). Therefore, it was necessary to select a manageable sample. Thus, three ministries, believed to be essential for the implementation of any management system in the Saudi public sector were chosen for the following reasons: The Ministry of the Civil Service is responsible for the civil service system (the employment, promotion, retirement, etc. of all public servants). It is in charge of appraising and developing human resources in the public sector. The Ministry of Finance is responsible for the government budget and funding public organisations, including human resource development. It is concerned with the return on capital investments, so it has to approve all projects undertaken by public bodies. The Ministry of Economy and Planning is responsible for the Saudi economy and the state's overall strategic development plans, including human resource planning (Alsheraimy, 2006).

These three ministries cover the range of different activities undertaken in the public sector: civil service policy in the Ministry of Civil Service, public finance in the Ministry of Finance and finally national planning in the Ministry of Economy and

Planning. Between them the three chosen ministries provide a comprehensive overview of the wider public sector, and they can be argued to be representative of the entire civil service in Saudi Arabia. Indeed, whilst not statistically verifiable as representative, the choice of ministries provides an example of typical Saudi Arabian public sector activity (Sekaran, 2003, Alsheraimy, 2006).

The Saudi ministries selected as samples for this research were deemed to be essential for the successful implementation of the learning and growth dimension of the BSC. This section set the scene to put this PhD in its social and political context for better understanding of the collected data by interviews and questionnaire survey. As will be explained latter in this chapter, semi-structured questionnaire interviews and a structured questionnaire survey were used as the primary data collection instruments, in a mixed data collection method. The aim was to obtain valid information about the readiness of implementing the LGP in the Saudi Arabian public sector. Now and after the research setting was demonstrated, the research approach will be explained in the following section.

4.5 Research Approaches

Mixed method is a research approach that involves using a number of perceptions as a means of explaining and illuminating meaning. It also verifies the replication of

perspectives, interpretations and/or observations. Mixed method refers to the use of both qualitative and quantitative methods of data collection in the same study. For this research, qualitative data collection approach was used to investigate Objectives 1 and 2 because of the importance of exploration of attitudes towards performance management system applied. For this, most of the interview questions were derived from the same sources as the questionnaire. A quantitative data collection approach was used in Objectives 1, 2 and 3 in which the structured questionnaire was used to collect data from managers and employees, and the interviews were used to collect data from CEOs and HR professionals. This mainly because it quantitative measuring and providing numerical indicators of knowledge and perspectives on performance management. The primary aim of Objective 3 was to identify the underlying dimensions of the LPG, as viewed by managers and employees. It also aimed to further determine the extent to which the managers and employees understood the concepts. If employees and managers understand the LGP concepts, then its implementation is more likely to succeed than if they do not.

The integrative faculty of mixed method research has a number of potential benefits. For example, the depth afforded by qualitative semi-structured interviews can be used in assessing the validity and explaining the results of quantitative surveys. Integration can take place at the research design level in the selection of research approach. In the present research the surveys and interviews took place within a similar time period.

The previous paragraph refers to mixed method research which is once again to not view research methodological labels as either/or, this researcher established the characteristics and advantages of both approaches, including the considerable overlap. Following on from this researcher contends that the merits of both approaches justify their combined use in this research as valuable tools to explore and clarify ambiguity around specific researchable problems where there is the lack of rigorous work to provide answers to those problems. In other words, this approach would be the best to bridge any literature gap by providing a description of unexplored complex contexts or phenomena (Hallebone and Priest, 2009). This is particularly the case in the context of this work because of the lack of literature that tried to explore and understand how the Saudi culture play rule in implementing the BSC which is inherited from a culture that different to the Saudi one.

4.6 Data Collection Techniques

The methods used for the collection of primary data, along with an explanation of the choice of methods and their advantages and disadvantages are described in this section. As mentioned earlier, two techniques were adopted to ensure validity and to avoid any short comings of using a single method: a quantitative survey involving a questionnaire to collect data from employees and managers, and a qualitative set of interviews with CEOs and HR professionals. These investigate the operational level and the strategic level, respectively.

4.6.1 Qualitative Techniques

One of the key data collection techniques that were used in this study is qualitative technique through conducting two semi-structured interviews with the CEOs and HR professionals in each of the three ministries. The main purpose of this was to get in-depth information from a strategic angle about the understanding and perception of the performance management applied in the ministry, strategic human resource development within the performance management system, and examining the perspective of the Learning and Growth. The qualitative elements of the research gather primary data on into how performance management is experienced and perceived by public sector managers. Developing a holistic and comprehensive understanding of the current performance management system in the Saudi Arabian public sector allow the successful and culturally aware implementation of the learning and growth dimension of the BSC.

Qualitative methods have been defined as procedures for “coming to terms with the meaning, not the frequency” of a phenomenon by studying it in its social context (Maanen, 1983, p. 9). Its methods for the collection of data and analysis usually include participant observation, content analysis, discourse analysis, focus groups, narrative interviews and unobtrusive techniques (e.g. archival research) (Marschan-Piekkari & Welch, 2004).

While qualitative research has often been criticised for difficulty in establishing the validity of the findings, this limitation is overcome by the fact that qualitative research facilitates and enhances an in-depth cross-cultural understanding of issues under investigation and the impact of cultural bias and assumptions from the researcher's own cultural or ethnic perspective, is minimal compared with the requirements of conducting a survey (Osland & Osland, 2001, cited in Marschan-Piekkari & Welch, 2004).

Furthermore, qualitative methods generally comprise interviews or observation. As Pole and Lampard (2002) argue, an interview could be defined as “a verbal exchange of information between two or more people for the purpose of one person gathering information from the other(s)” (2002, p. 2). As a method of collecting data, interviews present a platform where both the interviewer and the interviewee interact effectively. This eases the possibility for the interviewer to answer and clarify any ambiguous question and introduce their thoughts about the question(s). This technique is efficient for the collection of rich and vital data, exploring topical issues and concerns. It allows the respondent to interact with the interviewer to clarify any vague questions, as well as giving the interviewer a chance to get in-depth information from the respondent.

There are three main types of interviews: structured, unstructured, and semi-structured. Each one of those has its own advantages and disadvantages. As explained by Richardson (1992), the structured (formal interview) is a scenario where bias is avoided during the course of the interview, and usually with the use of questionnaire, such as a checklist to register responses from the respondents. This technique enhances a more direct method for conducting research, making it easy to categorise, enabling better coding and analysing. However, it restricts what the respondent can talk about due to the fact that the responses are limited.

According to Corbetta, the structured interviews are those “in which all respondents are asked the same questions with the same wording and in the same sequence” (2003, p.269). This type introduces some rigidity to the interview and the strength of the structured interviews lies in the fact that the interviewer has control over the format of the interview, leading to consistency towards the research aim and objectives of making this interview. Consequently, this type is more straightforward to conduct, easily categorised, coded and analysed (Richardson, 1992).

On the other hand, the unstructured or informal interview is more like a normal dialogue, in which the nature of the interview is being influenced by how interviewees respond to the questions asked. Respondents or participants would then have the tendency to share what they think, or whatever ideas they might have, which

would be of great importance to the researcher, and research at large. This method offers the interviewer the comprehension, expertise and experience of the interviewees. However, it is a challenging task for the interviewer to control, difficult to code is rather complicated to analyse (Richardson, 1992).

The semi-structured interview is a mix of the two types and it is frequently used in qualitative analysis. Smith et al. noted that:

In general, researchers use semi-structured interviews in order to gain a detailed picture of respondents' beliefs about, or perceptions or accounts, a particular topic. The method gives the researcher and respondent much more flexibility than the more conventional structured interview, questionnaire or survey. The researcher is able to follow up particularly interesting avenues that emerge in the interview and the respondent is able to give a fuller picture (Smith et al., 1995, p. 9).

The strengths of semi-structured interview are that the researcher can facilitate empathy with the respondent, and it has more flexibility and opportunities for explanation, probing and rephrasing of questions. At present knowledge of and implementation of performance management as a whole and the BSC in particular is limited in the Saudi public sector. Therefore, a less rigid and more flexible interview format, allowing for searching and cross examining question was chosen. One of the disadvantages was that conducting semi-structured interviews take longer and are

harder to analyse compared with the structured interviews. To avoid limitations of the two approaches of structured and unstructured interviews, and considering the nature and the Saudi attitude towards interviews, besides the high positions that the interviewees held, semi-structured interviews were used in this research.

4.6.2 Quantitative Technique

Another key data collection technique is quantitative using a structured questionnaire survey which was distributed among operational managers and employees in each ministry. The main purpose of this is to get information about the understanding of performance management system applied in the Saudi public sector, how manager/employees perceived it, and examining the LGP. An understanding of PM and the LGP by manager/employees is crucial if the implementation of the LGP is to be successful. The survey was developed to gather the quantifiable elements of the current performance management practices and the readiness for implementing the learning and growth dimension of the BSC.

A survey can be defined as “a general term to include all techniques of data collection in which each respondent is asked to respond to the same set of questions in data predetermined order” (Vaus, 2002). According to Sekaran, primary data could be seen as “the first-hand collected data for subsequent analysis to find solutions to the problem researched” (2003, p. 421). McConville and Chui (2007) state surveys are

usually carried out as part of a non-experimental design and are ideal for exploring attitudes, beliefs, views and opinions on different aspects of social life.

In order to achieve the objectives of this research, the questionnaire process used in the survey must be sufficient and justified. The method adopted consists of a number of closed questions. One of the main advantages of using a questionnaire is that it provides a relatively simple and straightforward approach to the study of attitudes, values, beliefs and motives (Bryman & Bell, 2007). It may be adapted to collect generalisable information from almost any human population and permits a high level of data standardisation. However, the main disadvantages are that data may be influenced by the nature of the respondents' characters, and attitudes, values, beliefs and motives may not be accurately reported. In addition, in order to minimise the disadvantages of quantitative research and enhance its reliability, issues such as "lack of clear and standard instructions, measurement instruments describe items ambiguously so that they are misinterpreted, abstract concepts are not measured with enough indicators of equal kind and administration conditions differ" were taken into special consideration (Kerlinger, 1964, p. 442-3). This study used close-ended questions, which are more focused on the research objectives, enabling easier coding and analysis.

The main aim of the questionnaire was to investigate the perception of readiness to implement the LGP of two different groups: managers and employees. However, because the BSC is yet to be implemented in the Saudi public sector, an investigation of the performance management system was needed to understand the current PMS and the views of the participants. This will help to explore the extent of whether the Saudi public sector is ready to implement the LGP within its bodies. Thus, questionnaire survey went through three steps: design, testing and distribution/data collection.

4.7 Research Design

The decision to utilise the data collection methods of questionnaire survey and qualitative interviews and the contents of both was influenced by literature on studies concerned with the perceptions of management and employees on issues of performance management (e.g. Stanton & Nankervis, 2011; Armstrong & Baron, 1998; Armstrong 2000; Ohemeng 2009; Frunham, 2004), performance measurement (e.g. Cheng et al., 2007; Perera et al., 2007; Joshi et al., 2011; Armstrong & Baron, 1998), performance appraisal (e.g. Bourguignon, 2004; Sudin, 2011; Narcisse & Harcourt, 2008), performance improvement (e.g.. McCarthy & Garavan, 2006; Hooijberg & Lane, 2009; Kim, 2010), the BSC and the LGP (e.g. Umashev & Willett, 2008; Alhamoudi, 2010; Dyball et al., 2011; Glaveli & Karassavidou, 2011; Niven, 2006, Kaplan & Norton, 1992, 1996a/b, 2004, Kaplan, 2001).

Additional emphasis should be placed on the significance of the expert panel, as this panel was integral in confirming the themes to be included in the surveys and interviews and in providing content validity to the research instruments. A panel made up of ten multi-discipline experts, including five holding PhDs and with professional experience in HR was used to establish the content validity of the surveys and interview guides (see below). The panel played an integral role in identifying the themes to be included in the questionnaire and interviews, as well as, discussing and contributing to the improvement of the survey items and interview questions. Part of this refining included lengthy discussions and deliberations on the importance of relating the interview questions in particular, to the research aim and objectives, as well as the themes in the data analysis. The next section will present the design process of the interview questions.

4.7.1 Qualitative Interviews: Design

Interviews provided the opportunity to gather in-depth data on the current understanding and perception of performance management amongst Saudi public sector managers and employees. Moreover, Schatz (2012) argues that semi-structured interviews can add valuable depth to existing data, through embedding qualitative interviews into quantitative survey data. As discussed, the research approach of this study uses mixed methods, to build a holistic and comprehensive picture of the current performance management system and the opportunities for performance

management in the future. Specifically for this study there were two primary reasons for using semi-structured interviews. Firstly, it was vital for CEOs and the key HR professionals in the ministries to fully grasp the concepts of PM and the LGP if the implementation of the LGP is to be successful. This is because as outlined by the developers of the BSC (Kaplan and Norton, 1992) top management has to have an understanding of the various elements of the BSC if the implementation is to succeed. Given the fact that there are only six of these people involved, interviews were considered to be the most appropriate approach to collecting the information from these executives. This links with the second reason for using the interviews, which is to get further insights into the concept of PM and the LGP through a deeper exploration of the topics, and this can in practice only be obtained through face-to-face interviews. The reason for choosing these respondents is to obtain an in-depth strategic view about the readiness for LGP implementation from the CEOs, who set the strategic goals and the HR professionals, who are seen as key people in this process, encouraging, advising and guiding any performance management system. The interviews would also enable the researcher to explore other areas that may emerge on the initiation of the interviewee during the interviews, which may have been omitted by the researcher initially. As pointed out by Schatz (2012), the salience of issues by the respondent can also be explored.

Appendix A-1 shows the initial list of questions that were used to in interviews, and the sources of the literature that influenced the majority of the questions. The interviews were divided into three major sections (although the questions were mixed to avoid boring the participants and to check for consistency). These three sections are - PM, SHRD and the LGP, and are presented in separate tables here purely for clarity of presentation.

Table 4.1: Questions about Performance Management System

Q	Performance Management understanding and how it is perceived by CEO's and HR professionals	Source
1	Could you please explain the ministry's current performance management strategy?	Kettunen & Knattola, 2005; Van der Meer & Vosselman, 2004
2	Does the ministry have a written strategy that can be accessed by all employees?	Researcher; suggested by the panel
3	Who participates in the ministry's strategy?	Alhamoudi, 2010; Van der Meer & Vosselman, 2004
4	In your opinion, what role does performance management play in and to what extent is performance management significant in linking employees' performance to the ministry's strategic objectives?	Kettunen & Knattola, 2005; Van der Meer & Vosselman, 2004
5	How do you rate the importance of performance management system in the ministry?	Furnham, 2004
6	How can the ministry ensure that its performance management system is effective?	Baron & Armstrong, 2007
7	In your opinion is the performance appraisal designed to link the employee's performance with the ministry's strategic objectives?	Hensel et, 2010
8	Does the ministry have a job description?	Researcher; suggested by the panel

Awareness and comprehension of PMS, such as the BSC, also forms the basis of the first three questions in this research's interview guide: "Could you please explain the ministry's current performance management strategy; Does the ministry have a written strategy that can be accessed by all employees; and Who participates in the ministry's strategy"? (Appendix A-1). Exploring the research respondents' knowledge of and attitudes towards PMS in general and the BSC in particular was particularly relevant in this research as the responses address the first and second and third of this research's objectives.

Umashev and Willett's (2008) research findings were especially instructive as not only was the research located in the public sector, the primary method of data collection was semi-standardised interviews made up of open-ended questions. Moreover, the framing of interview questions four – "In your opinion, what role does performance management play in and to what extent is performance management significant in linking employees' performance to the ministry's strategic objectives? – ,was addressed in Umashev and Willet's (2008) and Dyball et al.'s (2011) studies as the effectiveness of any performance management system is relying on to what extent the individual performance is linked to achieve the corporate strategic goals. Furnham (2004) was consulted to inform interview questions five, enquiring about the rate of the current performance management system at the ministry.

As for the second part of the interview questions were the aspect of SHRD within the performance management system in the Saudi public sector. It consists of seven questions as presented in Table 4.2

Table 4.2: Strategic Human Resource Development (SHRD) within the Saudi performance management system

Q	Strategic Human Resource Development (SHRD) within the Saudi performance management system	Source
9	How can the ministry ensure that its HR policy strives to achieve its strategic objectives?	Umashev & Willet's, 2008; Dyball et al. 2011
10	Who participates in securing the HR achievement of the ministry's strategic objectives?	Dyball et al. 2011
11	How can employees' training needs be more and most effectively identified in the ministry?	Huque & Vyas, 2008
12	Explain the ministry's current HRD strategy? How would you rate the effectiveness of the current HR strategy for meeting the ministry's objectives?	Sahoo et al., 2011
13	What are the main obstacles facing the strategically aligned implementation of the ministry's HRD policy?	Sahoo et al., 2011 Umashev & Willet, 2008; Dyball et al.'s, 2011
14	In your opinion, what would be the most effective strategies for the ministry to overcome such obstacles?	Researcher; suggested by the panel
15	What are your proposals to develop the HR development policy?	Researcher; suggested by the panel

Questions nine to fifteen were predominately concerned with the current HR strategy at the ministry, which were aimed at establishing how the top management understood the notion of PM. They involved asking respondents about their perceptions of current HR strategy, training needs and obstacles hindering implementation. This section of the interview was particularly influenced by literature on strategic HR development (e.g. Sahoo et al., 2011; Albawardy, 2010), the importance of identifying training needs (Huque & Vyas, 2008; Albawardy, 2010) and obstacles to, and strategies overcoming these obstacles, to implementation of HR

strategy (e.g. Umashev & Willet, 2008; Dyball et al.'s, 2011) and PMS by Armstrong & Baron (1998).

With respect to the interview, the framing of interview questions 9 and 13 – “How can the ministry ensure that its HR strives to achieve its strategic objectives” and “What are the main obstacles facing the strategically aligned implementation of the ministry’s HR policy”? – were both informed by Umashev and Willet’s (2008) and Dyball et al.’s (2011) studies. It was necessary to ask managers and HR professional about their perspectives on the strategic relationship between PMS and organisational strategy, as such questions and their answers contribute towards the realisation of Objective Two and Objective Three, and ultimately towards achieving the aim of this research.

The eleventh interview question – “How can employees’ training needs be more and most effectively identified in the ministry?” – was informed by Bourguignon, (2004) and by Hooijberg & Lane (2009), as well as source contained in the literature review identifying performance appraisals: sometimes limited purview of performance appraisal (Furnham, 2004), strategic misalignment (Moynihan, 2005), HR professionals role in identifying employee development requirements and opportunities (Sahoo et al., 2011), diversity of perspective and application depending on types and levels of employees (Simmons & Eades, 2004), relationship to job analysis (Siddiquw, 2004), and value and application as viewed by managers and

employees (Al-Saleh & Ramadan, 2010). In addition, the section evaluating the current HRD; what are the main obstacles and how to overcome these obstacles (Peery & Salem, 1993; Garavan et al., 1995 Sahoo et al., 2011 Umashev & Willet, 2008; Dyball et al.'s, 2011).

The final section of the interview guide was concerned with the current knowledge and perception of the BSC in general and the LGP perspective in particular as shown on Table 4.3. A good understanding of the LGP concepts is crucial to the success of the implementation of the LGP perspective of the BSC. The interviews on the LGP were aimed at providing additional information and possible explanations of the findings from the structured questionnaire.

Table 4.3: Learning and Growth Perspective

Q	Learning & Growth (LGP)	Source e.g.
16	What is the importance of encouraging employees to raise new ideas to serve work?	Baron & Armstrong, 2007
17	To what extent does the performance management system encourage employees to raise new ideas that serve work?	Armstrong & Baron, 2005
18	What do you know about the balanced scorecard?	Researcher; suggested by the panel
19	Based on your understanding of the balanced scorecard, do you think that the balanced scorecard can be applied to the public sector in the Kingdom? Why? In what ways do you think the balanced scorecard can be applied to the public sector in the Kingdom and why?	Researcher; suggested by the panel
20	How would you rate the importance assigned to job satisfaction and why?	Niven, 2006; Kaplan & Norton, 2004
21	In what ways does the ministry encourage employees to be creative?	Nicholl & Mclellan, 2008
22	How does the ministry encourage its employees to be creative?	Niven, 2006; Kaplan & Norton, 2004
23	How do you maintain administrative competences?	Hensel et al., 2010, Kaplan & Norton, 2006
24	How do employees submit their new and innovative ideas to the ministry?	Harris, 1994
25	Can you tell me about external influences such as the Ministry of Economy and Planning and the Ministry of Finance on the development of human resources in this ministry?	Researcher; suggested by the panel
26	How does the ministry recruit and develop employees?	Researcher; suggested by the panel

This part utilised the literature to develop questions regarding respondents' current knowledge of the BSC (Niven, 2011) and their perception of its effectiveness for the Saudi public sector. In addition, more specific questions regarding the LGP perspective were asked, in particular, the importance of job satisfaction and creativity (Niven, 2006; Kaplan & Norton, 2004). For example, questions on innovation and

motivation were developed from additional sources such as Williams (2001) and Buchner (2007), respectively.

4.7.2 Quantitative Data Collection: Structured Questionnaire Design

To gather the quantifiable elements of current performance management in the Saudi public sector a structured questionnaire was developed. The way a questionnaire is designed has important implications on validity of the findings. It is important to ensure that the questionnaire collects the right type of data that it is meant to measure. In particular, the questions that are asked have to measure the right concept to ensure construct validity. The data have to be measurable and analysable using robust statistical techniques. A systematic and rigorous approach to designing the questionnaire involved developing question through considering the literature, the feedback from the expert panel as well as the researchers' previous knowledge and experience.

This section describes the structured questionnaire design process and how the questionnaire was administered. The questionnaire was aimed at managers and employees, not executives. As mentioned earlier, the items included in the questionnaire were largely driven by existing literature, with some additional items developed by the researcher, but again guided by the literature. The panel members who mentioned earlier have helped in developing the questions in terms of forms to

ensure its clarity to the participants. Appendix A-1&A-2 shows the items that were included in the questionnaire. The questionnaire was divided into four major parts. Part one collected demographic data. Part two collected data on the understanding of PM system and was aimed at addressing Objective 1. Part three collected data on the managers and employees' perception of PM, and was aimed at addressing Objective 2. Part Four collected data on the LGP, and this was aimed at addressing Objective 3. Objective 4 addresses the issues on the applicability of the LGP implementation in the Saudi public sector context, given that the BSC was developed in Western context. It is also important to highlight at this stage that the main themes that were included in this questionnaire were identified using systematic approach using academic literature, an expert of panels and the researcher's sense and knowledge of the field, although the literature was the primary driver.

The structured questionnaire was aimed at managers and employees. They were chosen to gain insights into the participants' opinion about the readiness of implementing the LGP in the Saudi Arabian public sector to enhance employee performance. Therefore, managers and employees allowed the researcher to investigate the overall employees' involvement with regard to ministry performance and clarified the work relationship between managers and employees, which was reflected in ministry performance.

A five-point Likert scale was used to give answers to this part by circling the most appropriate answer in each case, using (1) strongly disagree, (2) disagree, (3) neutral, (4) agree, or (5) strongly agree.

4.7.2.1 Part One: About the Participants

In this part, the employees and managers who participated were asked to give personal information such as age. This included four age groups with each age range spanning 10 years to make it easier and shorter for the participants to choose from. It started with the age of 20 years old, which is the age of joining the labour market in the Saudi public sector. On the other hand, it is worth noting that the retirement age in the Saudi public sector is 60 years old, however some get extension periods and serve more than that based on special circumstances, such as specialty and experience. Therefore, the last choice in this question was unlimited (50 years old and above).

The second question was about education, which includes four categories. The third question was about working experience at the ministry. It started from one year, with a five year steps. The fourth question was about grades which allowed the researcher to identify the differences that may be accrued among different grades. However, it should be mentioned that in the manager questionnaire, the grades started from the eighth grade. This is because the supervision positions usually start from this grade,

while employees started from grade four which is the minimum for skilled employees. The fifth question dealt with the participant's position at the ministry and this question was only asked on the manager questionnaire. It includes three positions, based on the supervision categorisation in the public sector. Finally, questions were asked about training courses that participants had undertaken, whilst working at their current ministry. This allowed the researcher to identify the extent of training courses provided by each ministry for both managers and employees. This led the researcher to formulate questions in the interviews to clarify details about the effectiveness of these courses and ways of selecting managers and employees for them, as discussed in the qualitative part in this chapter. All these questions contained closed-ended answers, answerable by ticking the appropriate boxes. A copy of the questionnaire survey is attached in the appendixes chapter (A-2 and A-3).

4.7.2.2 Part Two: Understanding the current PMS in the ministry

This part was designed to understand the current performance management system in the Saudi public sector which can inform the LGP of the Balanced Scorecard. All statements were informed by the researchers' previous knowledge, the feedback from the expert panel and the literature with relevance to performance measurement (PM) definitions (e.g. Furnham, 2004), effective PM criteria (e.g. Armstrong & Baron,

1998; Furnham, 2004; Umashev & Willet, 2008; Dyball et al., 2011), or successful PM implementations (e.g. Umashev & Willet, 2008; Dyball et al., 2011).

Table 4.4: Understanding the current performance management system

Understanding the current performance management system		Source
1	I understand the ministry's business goals and objectives.	Furnham, 2004
2	I know what is expected of me by the ministry.	Armstrong & Baron, 1998
3	I know how the performance management system operates in the ministry.	Ohemeng 2009, Dyball et al., 2011
4	I have been trained to get the best out of the performance management system in the ministry.	Dyball et al., 2011
5	My employees understand how I decide their assessment.	Dyball et al., 2011
6	I understand how my objectives relate to the business needs of the ministry	Furnham, 2004
7	I have received adequate training in performance management.	Dyball et al., 2011
8	I have authority to determine my work objectives in the ministry.	Armstrong & Baron, 1998
9	The ministry is committed to my training and development.	Armstrong & Baron, 1998
10	Performance management is limited to higher positions in the ministry.	Armstrong & Baron, 1998
11	Performance management helps me to communicate with my employees about what is expected of them to achieve.	Niven, 2011, Umashev & Willet, 2008
12	Performance appraisal links the ministry's strategic goals with the employee's performance.	Bourguignon, 2004
13	I give my employees feedback about their performance.	Armstrong & Baron, 1998, Armstrong, 2009
14	Performance appraisal links my employees' performance with motivation.	Armstrong & Baron, 1998, Armstrong, 2009
15	Performance appraisal clarifies and defines the expectation of employees' performance.	Bourguignon, 2004
16	Performance appraisal identifies employees training needs.	Bourguignon, 2004, Sudin, 2011
17	Employees work objectives are realistic to achieve.	Bourguignon, 2004, Sudin, 2011
18	I find it easy to discuss work problems with my employees/managers.	Ikramullah et al., 2012
19	I have difficulty in agreeing objectives with my employees/manager.	Ikramullah et al., 2012
20	I meet with my line manager regularly to discuss my performance.	Bourguignon, 2004, Sudin, 2011
21	Assessments of my employees' performance are fair and unbiased.	Ikramullah et al., 2012
22	I am satisfied with the way I conduct my employees performance appraisal	Armstrong & Baron, 1998

This part was divided into three subsections and each group has been given a title to aid analysis and to enhance the study findings. The three sub-topics were (1) Individual understanding of performance management (e.g. Umashev & Willet, 2008, Armstrong, 1998); (2) Performance improvement for individuals and organisations (e.g. Furnham 2004); and finally (3) The relationships between managers and employees (e.g. Buchner, 2007, Ikramullah et al., 2012).

Bourguignon (2004) was both instructive and useful as it focused performance management and performance appraisal from the perspectives of managers who were receiving performance appraisals. In particular, Bourguignon (2004) sought to discover the managers' perceptions of the performance evaluation criteria used in their appraisals. Using Bourguignon (2004) hypotheses about differing management perceptions towards appraisals, this researcher developed survey items such as 'Performance appraisal links the ministry's strategic goals with the employees' performance' and 'Performance appraisal clarifies and defines the expectation of employees' performance', contained in the 'The current performance management system evaluation: manager' survey.

Ikramullah et al.'s (2012) investigation into public sector employees' (in Pakistan) perceptions of performance appraisal was useful in that it provided statements regarding perceived fairness, accuracy or otherwise of performance recognition, the

relationship between performance appraisal and employee learning and development and the correlation or otherwise between performance appraisal and communications between management and employees: all of which were modified and utilised in the current study. These are to be found throughout the employee surveys and include items such as ‘I find it easy to discuss work problems with my line manager’, ‘Assessments of my performance are fair and unbiased’ and ‘I have difficulties agreeing objectives with my manager’, all of which are contained in the subtheme ‘The relationship between managers and employees’.

4.7.2.3 Part Three: What Performance Management Means to You?

This part attempted to examine what performance management means to the participants. It aims to acquire the participants’ opinion regarding PMS in general (Furnham, 2004) and as it applies to them. However, this part was divided into two subsections namely: the contribution of the PM to individuals and the effectiveness of the performance management scheme (e.g. Umashev & Willet, 2008; Dyball et al., 2011). It consists of 17 statements and used the same Likert scale.

Table 4.5: How performance management is perceived by ‘you’

How performance management is perceived by you?		Source
1	Performance management helps me to do my job better in the ministry	Armstrong & Baron 1998, Armstrong 2000, Dyball et al., 2011
2	Performance management develops my skills and capabilities.	Armstrong & Baron 1998, Armstrong 2000, Niven, 2006
3	Performance management generally is only of use to the personnel department	Armstrong & Baron 1998, Armstrong 2000
4	Performance management is only of use to the individual line manager.	Dyball et al., 2011
5	The current performance management system works well and does not need to change.	Dyball et al., 2011
6	The performance management system in the ministry is clear for me.	Dyball et al., 2011
7	Performance management in the ministry is successful because it is part of an integrated approach to the management of people.	Armstrong & Baron 1998, Armstrong 2000, Dyball et al., 2011
8	Performance management in the ministry is successful because it integrates the goals of individuals with those of the organisation.	Armstrong & Baron 1998, Armstrong 2000, Dyball et al.'s, 2011
9	Performance management must be linked with the payment systems.	Umashev & Willet, 2008
10	Performance management in the ministry is inevitably become a bureaucratic chore.	Armstrong & Baron 1998, Armstrong 2000
11	The people in my work group are committed to work in the ministry.	Armstrong & Baron 1998, Armstrong 2000
12	I have no problem to tell my employees negative comments about their performance.	Armstrong & Baron 1998, Armstrong 2000
13	The information generated from performance appraisal is productive and of value.	Hooijberg and Lane's , 2009
14	The time is spent on performance appraisal could be used more productively elsewhere.	Dyball et al., 2011
15	There is a problem in the existing design of the performance appraisal form.	Bourguignon, 2004, Sudin, 2011
16	Performance appraisal develops my employees' performance.	Bourguignon, 2004, Sudin, 2011
17	Performance appraisal relieves employees' uncertainty about performance	Hooijberg & Lane, 2009

For example, Dyball et al. (2011) study into staff attitudes towards the BSC was particularly useful because it was focused on the public sector and covered a range of factors relevant to the current study. These included topics such as “perceived usefulness, perceived ease of use, participation, general attitudes and intention to use” the BSC (Dyball et al., 2011, p. 343). From this and other topics raised by Dyball et al. (2011) the researcher developed a number of items in the survey instrument ‘What performance management means – employees and managers’. These include ‘The performance management system in the ministry is clear to me’, ‘Performance management is only of use to the individual line manager’, and ‘The time spent on performance appraisal could be used more productively elsewhere’.

Hooijberg and Lane’s (2009) examination of recipients’ of multisource feedback (MSF) perceptions of its effectiveness on performance improvement within the performance management context provided the researcher with a valuable model to develop qualitative interview questions and questionnaire items exploring the relationships between performance management, feedback to employees and employee performance improvement. Two examples of surveys whose items whose construction was influenced by and adapted from Hooijberg and Lane’s (2009) study include ‘The information generated from performance appraisal is productive and of value’ and ‘Performance appraisal relieves employees’ uncertainty about performance’.

4.7.2.4 Part Four: Learning and Growth Perspective

Objective 3 of this study set out to examine the LGP elements in the current performance management system in the Saudi Arabian public sector. This section of the questionnaire included 22 statements that cover the various elements highlighted qualitatively by Kaplan & Norton (2004) and by Niven (2011). The same Likert scale was used. Table 4.6 shows the items used and the sources that were consulted plus those developed by the researcher.

Table 4.6: Examining the Learning & Growth Perspective of the Balanced Scorecard.

N	Examining the Learning & Growth Perspective of the balanced scorecard.	Source
1	I am aware of what the balanced scorecard is about.	Researcher
2	The ministry has a mechanism to ensure employees ability to do their jobs.	Niven, 2006 Kaplan and Norton, 2004
3	The ministry is concern about developing employees' capabilities.	Niven, 2006 Kaplan and Norton, 2004
4	The ministry has a mechanism for current training needs.	Niven, 2006 Kaplan and Norton, 2004
5	The ministry follows a system that enables it to determine training needs in future.	Niven, 2006 Garavan, 2007
6	The factors that limit the pressures of work are addressed.	Niven, 2006
7	The individuals work tasks are aligned with the ministry's strategic objectives.	Niven, 2006, Kaplan 2001, Kaplan and Norton, 2004
8	The motivation scheme in the ministry is linked with the individuals' performance	Niven, 2006, Kaplan and Norton, 2004
9	Employees are involved with the ministry's decisions.	Niven, 2006
10	Employees are active encouragement to be creative and use initiative.	Researcher
11	The focus of performance management in the ministry is continuously developed.	Researcher
12	The main objective of performance management in the ministry is to motivate individuals.	Researcher
13	The ministry provides their staff with the technological equipments needed to perform work tasks efficiently and effectively.	Niven, 2006, Kaplan and Norton, 2004
14	Employees have access to sufficient information to do their jobs well.	Niven, 2006, Kaplan and Norton, 2004
15	The employees' satisfaction is measured in the ministry.	Niven, 2006
16	Hard work in the ministry is recognised / rewarded.	Niven, 2006
17	The ministry values my contribution.	Researcher
18	The ministry is a good employer.	Researcher
19	The communications is good among ministry's employees.	Niven, 2006, Kaplan and Norton, 2004
20	My work colleagues and I have respect for each other.	Researcher
21	My work colleagues and I work as a team.	Researcher
22	Managers give the best assessments to people they like.	Researcher

A key element of understanding the LGP perspective is how this perspective can be measured. As pointed out earlier Kaplan and Norton (2004) and Kaplan (2006) just

give general directions on what dimensions are to be measured – Human Capital, Information Capital and Organisational Capital. Niven (2006) further classifies these elements into sub-elements to ensure the readiness for LGP implementation. For example, in Human Capital organisations it is necessary to examine; (1) employee capabilities, (2) employee training, (3) personal development planning, and (4) motivation system. For Organisational Capital, this includes (1) employee satisfaction, (2) alignment, and (3) encouraging a healthy life style. For Informational Capital, this includes (1) the instruments of business, (2) access to information, and (3) information capital readiness.

However, Kaplan and Norton (2004) do not spell out how this measurement is to be done, and what items needed to be measured to capture each of the three dimensions. In an attempt to address the issue of what is to be measured, Niven (2006) suggested some items under each of these dimensions. However, a critical analysis of this work by Niven (2006) and by Kaplan and Norton (2004) revealed that the authors do not have a robust basis for naming these basic dimensions of Human Capital, Organisational Capital and Informational Capital. Both Kaplan and Norton (2004) and Niven (2006) named these dimensions on the basis of very broad qualitative measures, in which the role of subjective observations cannot be ruled out. However, this work provided a sound basis for identifying items that could be measured in a survey, thereby allowing the use of quantitative empirical evidence to identify the

underlying dimensions of the LGP perspective. Consequently, this section used robust quantitative techniques to identify the underlying dimensions of the LGP perspective, and hence produce measures that are based on empirical evidence.

4.8 Pilot Testing of Questionnaire

In order to reduce ambiguity and ensure clarity of the research questions and instructions, every academic research needs to be tested before conducting the field study. This minimises the likelihood of participants having problems in responding to the questions, and helps with the assessment of the questions' validity and the reliability of data that will be collected (Creswell, 2009). Therefore, before undertaking a research study, a pilot test is required so as to ensure that the questionnaire and the questions for interview are well understood, simplified and with clarity of interpretation, and also to find out whether the research questions match the objectives of the research.

Consequently, the second step after designing the questionnaire was testing the questionnaire items. After translation into Arabic, the items were tested by distributing the questionnaire to 12 civil servants in the Saudi public sector. The members of the test group were asked to answer the questionnaire and to make comments in writing about the clarity and simplicity of the items.

The test participants returned the questionnaires with important comments, some of which are summarised as follows:

1. All of the participants agreed on separating the questionnaire into two formats, one for managers and the other for employees, in order to avoid any confusion that might arise. This was done.
2. The number of educational levels was reduced from five (high school or below, college or equivalent, university, masters and PhD) to four, by grouping college and university degrees together, making it easier for respondents to select and for the researcher to analyse the data.
3. The item on professional grade was changed (from 1-5, 6-10 and 11-15 for all participants) to reflect the relative positions of employees and managers in the hierarchy; since managers do not occupy the lowest grades, the choices were 4-6, 7-9, and 10-12 for employees, and 8-10, 11-13 and 14-and above for managers.

4.9 Qualitative Data Collection: Administration of Interviews

The final step for the data collection from top management was to conduct the interviews. A semi-structured interview was undertaken with the deputy minister (who is the CEO of the ministry) and an HR practitioner in each ministry (6 in total), in order to obtain in-depth information about the readiness for LGP implementation

in the Saudi public sector from the strategic level, as well as getting information from the operational level via the questionnaires.

Interviews took place in January 2012 and each one lasted at least one hour and thirty minutes. The questions were originally written in English and translated into Arabic, the interviewee's preferred language. In order to protect the confidentiality of the interviewee, the researcher offered to record the interview and to give the interviewee full control, allowing them to press the pause button at any time if they wanted to say something unrelated or if they did not want something to be recorded, but all interviewees preferred to have notes taken down rather than to have the interview recorded.

Before starting the interviews the researcher introduced himself again, repeated the topic of the research project and stated why this interview was being undertaken. The researcher also assured the interviewee that any information gathered in the interview would be confidential and used for academic purposes only. The interviewees were given a copy of the interview questions before the interviews were conducted and they should have had an overall view of the scope of questions before the interviews started, which allowed them to share a sense of the importance of the study and be prepared for the answers. All questions asked were open-ended. Respondents to an

open-ended questions are asked a question and they can reply the way they wish to (Bryman, 2012).

For ease of tracking, all ministries and interviews were given labels as follows: ministries were labelled as M1, M2, and M3. The CEO's were labelled as (A) and the HR professionals were labelled as (B) in each ministry. For example, if the researcher wanted to quote the CEO in the ministry M1 it would be like this (M1-A) and for the HR professional in the same ministry it would be like (M1-B). The general topics covered in the interview were interviewee demographic data, understanding of PM, perception of existing performance management systems and HRD strategy and the assessment of the LGP as perceived by executives.

4.10 Quantitative Data Collection: Administration of Questionnaire

After completing the pilot test and finalising the questionnaires, a letter from the researcher was given to the Public Relations Department in each ministry to encourage respondents to cooperate in this research. The letter gave information about the aim of the research and the importance of participation, i.e. helping conduct the study as well as helping the Saudi government to improve its ministries' performance.

The following approach was used when administering the questionnaire:

- For managers, the questionnaires were distributed to all operational managers in three Saudi government ministries. That is, the total population of 303 were approached.
- For employees (non -managers) the questionnaire was distributed based on stratified systematic random sampling, which took account of the size (number of employees) in each of the three ministries. The stratification took account of the size of the ministry.
- With regards to the distribution and collection of the structured questionnaires, the researcher did not have full control over the entire process. According to Saudi government policy researchers must present questionnaires to the Public Relations (PR) department of the relevant ministries, who will distribute them on behalf of the researcher. The ministries insisted that the researcher gave them the questionnaire and the instructions on how to do distribute it. Based on the estimates of the employees in each ministry, the researcher asked the PR department to use systematic random sampling. Here, every 5th employee was handed the questionnaire. If the 5th employee was unable to answer the questionnaire for some reason such as being on leave, or did not want to participate, the next fifth employees would be selected and so on. The ministries were asked to use their register of employees. It was estimated that at least 80% of the employees were likely to

be part of the sampling frames through using this sampling method. To ensure confidentiality a ballot type box was put in specific positions, where the employees dropped the completed questionnaires. There is always the rare chance that this sampling might not have been perfect, but the large sample sizes and the fact that three different ministries participated, means that any violations were unlikely to have a significant impact on the validity of the findings. The quantitative survey was completed within seven weeks in all the three ministries.

A total of 356 completed questionnaires were returned as follows: For managers, 120 responses were collected from a population of 303 managers, giving a response rate of 40%. For employees, 236 responses were collected from 508 that were distributed from a population of 3,700 employees, giving a response rate of 46% on those sampled. This response rates are considered to be acceptable, Celaya & Swift (2006) suggest an average acceptable response rate can be as low as between 26 and 32 per cent.

4.11 Validity and Reliability

The term ‘validation’ seems to be perceived differently by different scholars when applied to research using a variety of data collection and analysis methods. Referring to such research as ‘flexible’, Robson (2002) contends that validation or validity is

concerned with believability, trustworthiness and credibility. However, such a representation of validity/validation has to be treated with caution because it may be overly simplistic. As Robson points out, “The fact that some persons find it credible, or are prepared to trust it, is in itself a pretty weak justification. They may find it believable because it fits in with their prejudices” (2002, p. 170/1). Rather than getting involved in a semantic and potentially pointless discussion about what does, does not, could and might constitute validity/validation in mixed methods research, particularly in relation to the relativist notion of trustworthiness (Stacy, 2000).

The first factor is mixed method, which as discussed above focuses on providing “additional evidence for validity” (Hammond, 2005, p. 239), by countering threats to validity. Specifically, data and methodological mixed method (the former referring to using more than one data collection method and the latter to the combined use of qualitative and quantitative research approaches) (Denzin, 1989), have been used to add validity to the research. In this study, data mixed method was used in the understanding of current PM systems and how PM systems is perceived by managers/employees (questionnaire) and by executives (interviews). Data mixed method enables analytic rigour and research validity (Talbot et al., 2004; Camison, 2008; Goffin & Koners, 2011). Data mixed method is particularly advantageous in the ensuring internal validation (Sahin, 2005; Cappellaro & Longo, 2011; Goffin & Koners, 2011; Coulthard et al, 2013). Methodological mixed method helps to

guarantee the validity of data and its analysis (Jick 1979; Maggs-Rapport, 2000; Bekhet & Zauszniewski, 2012; Gorissen et al., 2012).

Other approaches used to improve validity include the use of robust literature in formulating the questions for interviews and the statements for the questionnaire, and the use of the panel of experts to test if the questions and statements in both the interviews and questionnaire measured the right concepts of PM and the LGP. Also, the researcher used the letter prepared by the PhD supervisor explaining the research aim, objectives and significance as a letter of introduction during initial contacts with the PR departments within each ministry. This letter from the University also helped to give credibility to the research, and this would increase validity because the respondents would consider this research to be academic (not commercial), and hence were more likely to give truthful answers.

4.12 Access and Ethical Considerations

Research ethics can be defined as “the moral principles, norms or standards of behaviour that guide moral choices about our behaviour and our relationships with others” (Blumberg et al., 2005, p. 29). Overall, the ethical considerations needing to be accounted for in this research were access, confidentiality, informed consent, data protection and nature of participation. The following is an outline of the ethical issues and how they were treated:

Following the introductions, the researcher discussed with the Public Relations representatives the process of distributing questionnaires and arranging appointments with the HR professionals and the ministers heading the departments.

The researcher's position to the Saudi public sector meant that access to the ministries could be obtained. However, this had ethical implications for the research. Although permission was obtained from the Public Relations (PR) Department in each ministry, a number of individuals worked directly with researcher. In the ministry M2, for example, the office manager of the deputy minister, supported the researcher by introducing him to the HR manager, and this was reflected in the interview being more relaxed and friendly, and by showing his concern to the PR Department. The researcher also discussed with the PR Director the specific requirements of collecting data from the participants, which he kindly followed. Furthermore, the appointment with the HR manager was made a month before conducting the interview in April, 2012. In the ministry M1, the office manager of the deputy minister supported the researcher by introducing him to the deputy minister and the HR manager. The deputy manager in the ministry M3, provided the researcher with the authority to study the ministry and by granting the researcher his valuable time during the interview. In addition, his office organised the interview with the HR Director.

All participants were informed of the voluntary and harmless nature of their participation prior to engaging in the research. Both the questionnaire and the interview included a written Participant Information and Consent Sheet (PICS) informing participants of the purpose of the study, the reasons for being selected as well as the right to withdraw at any time. Moreover, the PICS also guaranteed confidentiality as well as data protection in line with current legislation. Completion and/or participation in the questionnaire or interview was taken as consent.

In the case of interviews all respondents were informed that they could withdraw from the research at any time prior to and at the interview. Conscious efforts were made to ensure no inappropriate questions were asked. At the time of making the appointment, the research was explained to the respondent, and the academic purpose of the research was clearly highlighted. The potential benefits of the research to the country were also outlined. During the interview, the respondents were advised that if they were uncomfortable with any question or line of enquiry, business or personal, they could decline to answer. Confidentiality means that although researchers know who has provided the information or are able to identify participants from the information given, they will in no way make the connection known publicly; the boundaries surrounding the shared secret will be protected (Cohen et al., 2000). In discussing confidentiality, the interplay between informed consent, confidentiality has to be noted. One of the difficulties for research into the public sector is to

guarantee confidentiality to ministry officials, who could be identified by the position they are holding. Nonetheless, the nature of questions asked does not require particular details of the position held. Respondents were therefore also advised that only the researcher and the University authorities would have access to the data, but that findings would be published. However, the names and ministries would also be represented by symbols. These promises were made to interviewees at the beginning of the interview.

For the questionnaire, confidentiality was guaranteed to all participants, respondents were also advised that participation was voluntary, and that if they felt uncomfortable at any time, they had the right not to continue. The researcher gave a promise to the participants that the data would be used for academic purposes only and would not be shared with unauthorised people. No questions deemed to be intrusive, offensive, ambiguous or inappropriate were asked. It was made clear to respondents that the beneficiary was the academic world, not the government or commercial organisations. The promises made were also printed on the front page of the questionnaire forms given to the participants.

With regards to data protection, all the data gathered including the software copy saved on a memory stick was stored in a locked cupboard and no unauthorised people could access the data. All data collected and stored met current UK Data Protection Legislation.

4.13 Data Analysis Methods***4.13.1 Interview analysis method***

Analysing qualitative data does require reduction of content and identification of themes. A semi-structured interview is still a social interaction and Fontana and Frey (2005) observe that interviewers still have to be aware of ways in which context influences responses. This study used thematic analysis to analyse the data from the interviews. Indeed, Howitt (2013, p.143) described thematic analysis thus: “Thematic analysis is basically various methods of categorizing data into a number of themes or descriptive categories.” This way, major themes are identified. Compared to other methods, a major advantage of thematic analysis is that it less constrained by epistemological factors. Howitt (2013, p.176) Thematic analysis was used mainly because it enables the identification of themes without the researcher being actively involved; in many cases where other methods are used, the researcher begins to analyse the data before completing the interviews, and hence continues to identify the themes as the interviews progress. Since data collection was completed before analysis, thematic analysis was considered to be an appropriate method for a identifying the themes. It can be argued that thematic analysis is descriptive because it only identifies a limited number of themes. However, Cohen et al (2011, p.180), argue that the categories generated in thematic analysis can actually be further analysed to establish some logical relationships or links. Therefore a limited number of themes were identified using thematic analysis. The categories arrived at were

chosen by the researcher and driven by existing literature, rather than inherent in the data.

Informed by themes emerging from the literature review and the suggestions from the expert panel, the researcher carried out thematic analyses based on the major mentioned themes: performance management understanding and the perception of the performance management system by managers and employees. In addition, the research added another major theme, strategic human resource development. SHRD was included as a theme as it the focus of this research's aim and first objective, considerable HRD literature was reviewed in the course of preparing chapter three and strategic HRD is the field within which the LGP is located. This latter point indicates HRD providing a focused, contextualising and apposite analytic lens through which to analyse the data in relation to the first objective. Furthermore, although HRD is not mentioned specifically or directly in the heading of any of the questionnaire surveys, it is explicit and implicit within many of the survey items. For example: (1) "Performance appraisal identifies my training needs"; (2) "Performance management develops my skills and capabilities"; (3) "Performance appraisal develops my employees' performance"; (4) "Performance appraisal identifies employees training needs"; and (5) "The ministry is committed to my training and development". These correspond to HRD's key aspects highlighted in the literature review, namely the development of learning processes, improving performance and

alignment of these processes to organisational needs. A fourth reason for the inclusion of HRD within the thematic analysis is that, once more implicitly but nonetheless significantly, it informs and can be located within most of the interview questions. For example, Question 4 – What role does performance management play in and to what extent is performance management significant in linking employees' performance to the ministry's strategic objectives?; Question 9 – How can the ministry ensure that its HR strives to achieve its strategic objectives?; Question 11 – How can employees' training needs be more and most effectively identified in the ministry? The embedding of HRD within the interview questions and survey items clearly identifies it as a significant theme requiring analysis, therefore to not include it as a theme would be inexplicable, incoherent and illogical. Cognisance of the confluence, correspondence and complementariness of HRD and the LGP is one of the outstanding features of this research and the thematic analysis of research data using the former adds rigour, additional focus and comprehensiveness to the data analysis.

4.13.2 Questionnaire analysis method

For the analysis of quantitative data obtained from the responses of the employees' questionnaires, the Statistical Package for Social Sciences (SPSS v20) was used. Collected data were coded and then entered using the software. Both univariate and bivariate methods were used in the analysis. The former was chosen for the

descriptive analysis as it enabled the respondents' answers to particular questions to be measured using frequency distribution and percentages of responses. Sekaran explains that "statistics, such as frequencies, the mean, and the standard deviation, provide descriptive information of a set of data" (2003, p. 416). Univariate analysis was also used in one sample t tests, where 3 were used as the test value. Bivariate analysis involved two independent-sample t tests. Factor analysis was used to identify the underlying dimensions of the LGP. Pallant (2010) indicated that before a researcher can enter the information from his/her questionnaire into SPSS, it is necessary to prepare a 'codebook', which is a summary of the instructions that a researcher needs to convert the information obtained from each case into a format that SPSS can understand.

Part Two, which aims to understand the current performance management system implemented in the Saudi Arabian public sector, included 22 variables, coded in the SPSS as A1 – A22. The third part, which examines the individual's opinion of the performance management system as it applies to them, contains 17 variables and they were coded B1 – B17. Finally, the last part examines LGP elements, and is coded C1 – C22.

As mentioned previously, a Likert scale was used for parts two, three and four. Therefore, the coding responses were: 1= Strongly disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly agree.

For clarity of presentation, the analysis techniques used in quantitative data, and the assumptions made are described and discussed in the next chapter, in which the analysis results are presented.

For the LGP, the techniques that were used to identify the constructs, and hence variables of measurement are factor analysis (principal component analysis) and reliability analysis. These are robust quantitative techniques to used identify the underlying dimensions of the LGP perspective, and hence produce measures that are based on empirical evidence. Hair (1998, p.90) define factor analysis as, "...a generic name given to a class of multivariate statistical methods whose primary purpose is to define the underlying structure in a data matrix...it addresses the problem of analysing the structure of the interrelationships (correlations) among a large number of variables (e.g. scores, test items, questionnaire responses) by defining a set common underlying dimensions known as factors)." The technique enables the researcher to identify the separate dimensions of the structure and determine the extent to which each variable/item is explained by each dimension. For this study, exploratory factor analysis (or principal component analysis) was used to identify the latent and underlying dimensions in the original data collected using the structured

questionnaire (Cohen et al, 2011, p.674). Basically, in factor analysis the aim is to identify structure through the summarisation of data.

When the dimensions have been identified, the next stage is to develop a scale for the new dimensions or variables. This is achieved through an analysis of the reliability of the new factors. “Reliability is an assessment of the degree of consistency between multiple measurements of a variable” (Hair et al, 1998 p117). Hair et al (1998 p116) suggest a summated rating scale, whereby the individual variables/items that constitute the construct/concept/dimension are combined into a single composite measure. The summated rating scale reduces measurement error. The quality of the summated scale must be measured. For a scale developed using factor analysis, the recommended measure of reliability is the reliability coefficient that assesses the consistency of the entire scale: Cronbach’s alpha coefficient. This coefficient varies from 0 to 1, with 1 being perfect correlation. According to Hair et al (1998 p118), the generally agreed lower limit of an acceptable Cronbach’s alpha is 0.7, although 0.6 may be accepted in exploratory research.

4.14 Conclusion

This chapter presents the research methodology adopted in this study. The theoretical perspectives were discussed and a rationale was provided for the philosophical position taken in this study – critical realism. The various research methods for data

collection were evaluated, with a particular emphasis on qualitative and quantitative research methods. The study used a mixed-method data collection technique and both semi-structured interviews and structured questionnaires were used to collect the data. The advantages and disadvantages of these methods and the rationale for using them were presented. The questionnaire design process and the administration of both the structured questionnaire and interviews were described, together with the ethical considerations taken to ensure compliance and validity. The data analysis techniques were also described, focusing thematic analysis for qualitative data and quantitative factor analysis (using SPSS) for the identification of the conceptual dimensions of the LGP.

CHAPTER FIVE: RESEARCH FINDINGS

5.1 Introduction

This chapter presents the findings from the data obtained from three ministries in the Saudi Arabian public sector, namely the Ministry of Finance, the Ministry of Civil Service, and the Ministry of Economy and Planning, using both interviews and a structured questionnaire. While a discussion of the main findings will be presented in the next chapter, this chapter presents the findings of the primary data analysis. The basic aim is to understand how PM operates, how managers and employees perceive the PMS, and how the LGP is understood and can be applied within the Saudi public sector. The chapter is divided into five main parts. The first part describes the data analysis process. The second part presents the analysis and findings on the understanding of the current performance management system in Saudi public sector from the executive management, managers' and perspectives, while the third part presents the analysis and findings on the understanding of how the executive management, managers and employees perceive the performance management system in terms of usefulness and effectiveness of the PMS and the performance appraisal in particular. Both these last two parts present the results of the interviews and quantitative analysis in a mixed method approach. The fourth part presents the results of the factor analysis and of interviews relating to the LGP. The quantitative analysis of the LGP used factor analysis identifying the conceptual dimensions that underlie the LGP. The interviews were aimed at extracting additional information from top management on the LGP, with a particular focus on how they understood the LGP. The interviews also gathered information on what measures executives had put in

place to ensure the successful implementation of the LGP/BSC. The fifth and final section describes the development of a summated rating scale, and presents the results of the comparison between the managers' and employees' understandings of the LGP. Appendix B presents the respondents' profiles.

5.2 The Analysis Process

The data from the returned questionnaire surveys were coded and processed on a computer using the Statistical Package for Social Sciences (SPSS) software (version 20). Descriptive analysis was performed using standard statistical methods such as frequencies, means and percentages. Analytical analysis was used in comparative tests (for example, t-tests) and in factor analysis. Factor analysis was used to identify the underlying dimensions of the LGP, while reliability analysis was used to develop a new measurement tool for the LGP. In order to understand the current PMS in the Saudi public sector and how managers and employees perceive it, a mixed method data analysis approach was used, i.e. the structured questionnaire and interviews were analysed together. The same mixed method data analysis was used in the LGP, although the factor analysis provided the basic underlying dimensions, which were then supplemented by interview findings. That is to say, in the LGP the quantitative analysis had much heavier weighting in relation to the findings.

For the questionnaire, all items were based on a five-item Likert scale (i.e. strongly agree, agree, neutral, disagree and strongly disagree); the highest grade was 5 degrees

and the lowest grade 1 degree. The range calculated for the scale was $5 - 1 = 4$; dividing this by the number of categories (5) gave $4/5 = 0.80$, which was the length of each category of the five scales. Finally, the length of the category was added to the lowest grade of the scale which was 1. Thus, the first category was calculated to be 1 to 1.80. By adding the length of the highest limit for the category to produce the second category, and so on for the rest of the categories, the following criteria were defined for the purpose of analysing the results:

> 1 to 1.80	Strongly disagree
> 1.80 to 2.60	Disagree
> 2.60 to 3.40	Neutral
> 3.40 to 4.20	Agree
> 4.20 to 5.00	Strongly agree

The overall aim of the current research is to examine the readiness for implementing the BSC's LGP within the performance management system in the Saudi Arabian public sector. To address this particular aim it is essential to understand the current performance management system in the Saudi public sector, the learning and growth element in the current performance management system, and how the performance management system is perceived by participants.

Before the main analysis was performed, a missing value analysis was undertaken. This was carried out by looking at all missing values and determining if there were any patterns, for example a respondent not answering an entire section etc. No evidence of any such patterns was found. The missing values were isolated and very few, and at no point were they more than 2% of the number of respondents who were

asked each question. Missing value analysis with SPSS at a level of 5% also did not identify any patterns or significant influence regarding missing values.

5.3 Findings on: Performance Management

5.3.1 Understanding of the current performance management system in Saudi public sector from employees' and managers' perspectives

This section relies on interviews and a descriptive and analytical analysis in order to rate the participants' answers and their agreement with the understanding of managers and employees regarding the performance management system. Descriptive analysis is mainly based on the average (means), mean differences, statistical significance (2-tailed), and frequency of answers (%) across a 5-point Likert scale. This was used in relation to the questionnaire items contained in Part Two.

5.3.1.1 Descriptive Results (Structured Questionnaire)

For clarity of presentation, the following findings are supported by the descriptive and inferential comparative results obtained from the questionnaire. Table 5.1 shows: percentages; missing values; mean scores for managers and employees (M); mean differences in scores between managers and employees; and significance (sig.) levels (2-tailed two sample t-test, between managers' and employees' scores) of responses to each statement concerning the understanding of the current performance management system in the Saudi public sector from the perspectives of employees and managers.

**Table 5.1: Understanding of the current performance management system –
from the perspective of managers and employees**

Understanding of performance management by managers and employees																			
Q			Strongly Disagree		Disagree		Neutral		Agree		Strongly agree		Missing Value		managers' Mean	Employees' Mean	Mean Differences	2 sample t-test P value	
			M	E	M	E	M	E	M	E	M	E	M	E					
1	I understand the ministry's business goals and objectives	Freq	-	1	2	11	2	20	55	110	61	93	0	1	4.46	4.20	0.25	0.003	
		%	-	0.4	1.7	4.7	1.7	8.5	45.8	46.8	50.8	39.6							
2	I know what is expected of me by the ministry	Freq	-	2	-	2	2	15	45	96	73	121	0	0	4.59	4.41	0.18	0.006	
		%	-	0.8	-	0.8	1.7	6.4	37.5	40.7	60.8	51.3							
3	I know how the PM system operates in the ministry	Freq	1	4	3	39	32	67	43	83	40	42	1	1	3.99	3.51	0.48	0.000	
		%	0.8	1.7	2.5	16.6	26.9	28.5	36.1	35.3	33.6	17.9							
4	I have been trained to get the best out of the PMS in the ministry	Freq	3	24	15	54	32	74	45	59	24	22	1	3	3.61	3.00	0.60	0.000	
		%	2.5	10.3	12.6	23.2	26.9	31.8	37.8	25.3	20.2	9.4							
5	I understand how my manager decides my assessment/ My employees understand how I decide their assessment	Freq	-	12	5	29	19	40	58	98	37	57	1	0	4.07	3.67	0.39	0.000	
		%	-	5.1	4.2	12.3	16.0	16.9	48.7	41.5	31.1	24.2							
6	I understand how my objectives relate to the business needs of the ministry	Freq	3	4	4	25	8	48	62	100	43	58	0	1	4.15	3.78	0.37	0.000	
		%	2.5	1.7	3.3	10.6	6.7	20.4	51.7	42.6	35.8	24.7							
7	I have received adequate training in PM	Freq	4	26	18	77	34	71	43	43	18	18	3	1	3.45	2.79	0.67	0.000	
		%	3.4	11.1	15.4	32.8	29.1	30.2	36.8	18.3	15.4	7.7							
8	I have authority to determine my work objectives in the ministry.	Freq	2	20	20	66	27	70	44	55	26	25	1	0	3.61	3.00	0.61	0.000	
		%	1.7	8.5	16.8	28.0	22.7	29.7	37.0	23.3	21.8	10.6							
9	The ministry is committed to my training and development.	Freq	-	14	7	33	27	54	52	74	34	60	0	1	3.94	3.57	0.38	0.001	
		%	-	6.0	5.8	14.0	22.5	23.0	43.3	31.5	28.3	25.5							
10	PM is limited to higher positions in the ministry.	Freq	1	5	3	5	22	64	56	82	37	78	1	2	4.05	3.95	0.10	0.317	
		%	0.8	2.1	2.5	2.1	18.5	27.4	47.1	35.0	31.1	33.3							
11	PM helps me to communicate with my (manager/employees) about what it is expected that (I/they) will achieve.	Freq	1	7	8	20	33	72	52	95	26	41	0	1	3.78	3.61	0.17	0.100	
		%	0.8	3.0	6.7	8.5	27.5	30.6	43.3	40.4	21.7	17.4							
12	PA (performance appraisal) links the ministry's strategic goals (with my performance)/(with the employees' performance)	Freq	5	11	19	39	31	79	45	80	20	24	0	3	3.47	3.29	0.18	0.125	
		%	4.2	4.7	15.8	16.7	25.8	33.9	37.5	34.3	16.7	10.3							
13	I get feedback from my PA / I give my employees feedback about their performance	Freq	1	14	4	46	16	67	64	77	35	29	0	3	4.07	3.26	0.80	0.000	
		%	0.8	6.0	3.3	19.7	13.3	28.8	53.3	33.0	29.2	12.4							
14	PA links my performance (my employees' performance) with motivation	Freq	12	39	24	46	23	62	38	47	22	38	1	4	3.29	3.00	0.29	0.049	
		%	10.1	16.8	20.2	19.8	19.3	26.7	31.9	20.3	18.5	16.4							
15	PA clarifies and defines my performance/ employees' performance expectations	Freq	1	13	13	37	34	67	45	92	27	26	0	1	3.70	3.34	0.36	0.002	
		%	0.8	5.5	10.8	15.7	28.3	28.5	37.5	39.1	22.5	11.1							
16	PA identifies my training needs	Freq	1	20	22	28	14	55	51	81	30	50	2	2	3.74	3.48	0.25	0.052	
		%	0.8	8.5	18.6	12.0	11.9	23.5	43.2	34.6	25.4	21.4							
17	My work objectives are realistic to achieve	Freq	-	2	5	12	16	54	56	108	42	59	1	1	4.13	3.89	0.24	0.012	
		%	-	0.9	4.2	5.1	13.4	23.0	47.1	46.0	35.3	25.1							
18	I find it easy to discuss work problems with my line manager/ employees	Freq	1	7	9	13	6	32	55	91	49	93	0	0	4.18	4.06	0.12	0.256	
		%	0.8	3.0	7.5	5.5	5.0	13.6	45.8	38.6	40.8	39.4							
19	I have difficulty in agreeing objectives with my manager/ employees	Freq	11	39	47	67	14	61	29	47	17	20	2	2	2.95	2.75	0.20	0.154	
		%	9.3	16.7	39.8	28.6	11.9	26.1	24.6	20.1	14.4	8.5							
20	I meet with my line manager/ employees regularly to discuss my/their performance	Freq	-	21	13	35	33	67	52	77	21	34	1	2	3.68	3.29	0.39	0.001	
		%	-	9.0	10.9	15.0	27.7	28.6	43.7	32.9	17.6	14.5							
21	Assessments of my performance are fair and unbiased	Freq	4	8	12	21	20	55	49	94	34	57	1	1	3.82	3.73	0.09	0.457	
		%	3.4	3.4	10.1	8.9	16.8	23.4	41.2	40.0	28.6	24.3							
22	I am satisfied with the way my manager conducts my performance appraisal/ I am satisfied with the way I conduct my employees' P.A	Freq	3	9	17	33	12	55	47	83	40	56	1	0	3.87	3.61	0.26	0.035	
		%	2.5	3.8	14.3	14.0	10.1	23.3	39.5	35.2	33.6	23.7							

5.3.1.2 Subthemes

This overarching theme, ‘Understanding the current performance management system in Saudi public sector from employees’ and managers’ perspectives’, comprises five subthemes which are presented below. Based on interviews with executive/top management (CEOs and Deputy Ministers) and the results from Part 2 of the questionnaires (containing 22 statements), the participant’s answers were rated and assessed as to whether they are in agreement with the perceptions of managers and employees as expressed in the questionnaires. The themes are designed to help bring about an understanding of the current performance management system in the Saudi public sector. As Kaplan and Norton (1992) asserted, it is necessary that both managers and employees understand the PMS of their organisation in order for there to be efficient and effective organisational performance management. Unclear visions and goals, different performance expectations, or objectives which do not align with individual and business objectives can lead to an ineffective performance management system which can affect the learning and growth in the organisation and result in low standards of performance. Furthermore, it can be seen clearly from definitions of performance that performance management aims to improve the performance of both individuals and organisations by challenging the capabilities of businesses and individuals in order to achieve high performance levels. Moreover, the relationship between employees and managers is critical in terms of running such a performance management system successfully, due to the strategic goals for any organisation being enforced from the top management down to employees through

their managers. Therefore, any problems with relationships between managers and employees may affect the efficacious transfer of top management strategic goals.

The division into five subthemes is aimed at explaining and interpreting the findings more effectively. The first subtheme concerns the levels of knowledge regarding the ministry's overarching strategy, while the second subtheme explores the link between the ministry's strategic objectives and individual employee objectives and performance. The third subtheme assesses the effectiveness of HR strategy to support the organisation's objectives. The fourth subtheme concerns the application of performance management systems by employees and managers alike, while the fifth and final subtheme delves into the perceived impact of performance management on employee performance and the relationships between managers and employees.

Subtheme 1: Levels of knowledge regarding the overarching strategy of the ministry

This theme directly addresses the research objective of obtaining an understanding of the way performance management is perceived by executives (top management), managers and employees in the Saudi Arabian public sector. The interviews were qualitatively oriented in order to obtain in-depth information regarding the executive level in each ministry, while the quantitative data (managers and employees) was from the structured questionnaire.

Generally speaking, there seemed to be consistent knowledge and understanding of who sets the ministry's strategy. When the researcher asked about who was involved in preparing the strategies of the ministries, in general all the interviewees confirmed that top management was involved in setting up the strategy in their ministries. This general consensus is in stark contrast to the findings revealed when the interviewees were questioned on their understanding of what the strategy is.

However, analysis of both the qualitative and quantitative results seems to indicate that there exist inconsistencies around the understanding of what the overarching strategy of the ministry is. Indeed, some of the answers revealed a gap, even among people at the executive level, in terms of their understanding of the strategy of the ministry they work in. This was because some of the interviewees were not familiar with the strategy. For example, Interviewee (M2-B), an HR professional, stated that, *"I have no answer for the question related to the ministry's strategy"*. Furthermore, the answers of the CEOs and the HR professionals in the other two ministries, M1 and M3, differed slightly, indicating that they do not share the same view and interpretation of the strategy of the organisation which they work for. This inconsistency in understanding is further highlighted in the answers to the question of whether or not employees and managers understand the ministry's goals and objectives. In interpreting these figures, it could be said that there are significant differences between managers' and employees' answers in terms of understanding the ministry's business goals and objectives ($p = .003$). The means for managers is $M = 4.46$ and employees $M = 4.20$. These indicate that both managers' and employees' answers

fit in the ‘strongly agree’ category of the Likert scale. However, the frequency results show that managers scored 50.8%, while employees scored 46.8%. This result suggests that the managers understand their ministry’s business goals and objectives better than the employees. This indicates not just a difference amongst peers, but between groups, as was highlighted in the interviews.

In summary, it is evident that there is general consensus around who sets the overarching strategy, but there are differing levels of understanding as regards what the strategy is across the board.

Subtheme 2: The link between strategic objectives and employee objectives and performance.

Interrogation of the results shows that there is a general consensus around the importance of linking strategic objectives and the objectives of the employees. In fact, all interviewees agreed on the importance of linking their ministry’s strategic objectives with employees’ performance.

With regard to whether performance appraisals link the ministry’s strategic goals with managers’/employees’ performance, there are mixed views. The results show that both Saudi managers and employees share the opinion that an individual’s performance appraisals and not just a department’s performance, are linked to the ministry’s strategic goals. This leads us to the finding that the Saudi Arabian public sector links its strategic goals with the performance of its employees. There were no

differences between the responses of managers and employees ($p= 0.125$). The mean for the managers and employees ranged between $M= 3.47$ and $M= 3.29$ respectively, corresponding to the agreement category. However, the frequency percentages show that managers scored 37.5% and 16.7%, and employees, 34.3% and 10.3 %, indicating that managers may believe to a slightly greater extent than employees that performance appraisals are linked to the ministry's strategic goals and the employees' performance.

The above perception is further corroborated by comments made by Interviewee (M3-B), an HR professional, which illustrate that there is an attempt at linking the ministry's strategic objectives with employees' performance, and highlight how the ministry was working to achieve this using performance appraisal forms. He noted: *"I think that there was an attempt to link the Performance Appraisal Form with the objectives required from each employee in the public sector, which is an extension of the ministry's strategic objectives"*. Although this response provides some evidence of performance management, it does not clarify the context within which performance appraisal is conducted. Performance appraisal can be effective only when the identified strengths and weaknesses of the employees are addressed through the expansion of job descriptions and/or training. Thus, an initial observation can be made that performance management in Saudi Arabia operates in an ineffective manner and there are multiple shortcomings in the system that need to be addressed.

However, there is also a dissenting view which highlights the challenges in the environment which make it difficult to establish that link, thereby reducing the effectiveness of that link. Indeed, while it is clear a link exists, some of the shortcomings of the link were highlighted by some interviewees. The interviews acknowledged that, despite its importance, there was no relationship between the strategic objectives of the ministry and employees' performance. Interviewee (M1-A), a deputy minister, stated that, *"The linkage is extremely essential, although it is not implemented in this ministry"*. An HR professional (M1-B) added that, *"It is difficult to be implemented in the public sector"*. This is supported by another deputy minister interviewee (M2-A), who shares the same view as (M1-B). He believes that job classifications (grades) are making such linkages difficult. He noted that, *"I think this link has a very high importance, but I do not think it is possible for such a link to intermediate positions (from Grade 6 to 10) and of course this is unsuitable for lower grades (below Grade 6). Generally speaking, the ministry is more interested in linking the performance of departments with strategic objectives, rather than with positions"*. These responses suggest that the participants had an adequate idea of role performance management and its importance. However, the majority of the responses point towards the fact that performance management is not practised actively within the Saudi Arabian public sector. This was evidenced by the responses indicating that strategic objectives are not linked to employee performance. Therefore, it can be argued that there is inadequate SHRD in the Saudi public sector and that this may also have a negative impact on employee motivation and job satisfaction, which are

essential elements in implementing the LGP, as will be further discussed in the next chapter.

In further exploring the effectiveness of the link between an individual's objectives and the ministry's objectives, it was important to ascertain whether individual employees understand how their individual objectives relate to the business of the ministry. This was essential because this study attempted to acquire information regarding the extent to which performance management is aligned with corporate objectives in the Saudi Arabian public sector. It was observed that both managers and employees exhibited neutral to positive responses in their understanding of the integration of performance management with business objectives. However, results show some differences between the responses of managers and employees ($p = .000$). The mean for the managers was $M = 4.15$ and for the employees $M = 3.78$, which fall within the agreement category. Moreover, the percentages show that managers scored 51.7% and 35.8%, while employees scored 42.6% and 24.7%. This is indicative of managers having a greater understanding than employees of how their objectives relate to the business needs of the ministry.

In further exploring the effectiveness of the link between an individual's objectives and the ministry's objectives, it was also important to ascertain whether employees were clear on what is expected of them by the ministry. The results show that there is a significant difference between the two groups ($p = .006$). Furthermore, the mean for the managers is $M = 4.59$ and for the employees $M = 4.41$, indicating that they both share the

same views, thus fitting in the agreement category. However, managers scored 60.8% and employees 51.3%, which means that managers know more than employees in terms of what is expected of them by the ministry.

In summary, it is clear that the importance of a link between strategic objectives and employee performance is widely acknowledged as being essential. However, the results indicate that there are mixed perceptions as to perceived and actual effectiveness of that link, leading to a finding that there is inadequate SHRD.

Subtheme 3: The effectiveness of HR strategy in support of the organisation's objectives

There is general consensus that the most important performance management tool is the training and development of employees, which is also in line with the ministries' general objectives. The interviewees were asked to explain the HR strategy and to what extent they think it is effective in achieving the ministries' objectives. The answers revealed how HR strategy was applied in the Saudi Arabian public sector. The responses also exhibited some differences between the views of the CEO and the HR professionals within the same ministry. Interviewee (M1-A) noted that, "*The HR strategy aims at increasing the number of staff in accordance with the ministry's required disciplines*"; in relation to effectiveness, he said, "*Regarding the effectiveness of this strategy, I think we have a problem in attracting highly qualified employees, the main reason being the low level of salaries compared to the private sector*". This response suggests that the HR strategy in the Saudi Arabian public

sector lacks effectiveness because of its emphasis on staff numbers rather than HR quality. The view of Interviewee (M1-A) also differs from that of the HR professional in the same ministry; he thinks that *“The HR strategy aims to raise the performance of the ministry’s staff through training and scholarship in such a way that serves the ministry’s objectives”*, and he described the ministry’s strategy as *“good”*.

Another example was provided by Interviewee (M2-A), who stated that: *“The HR strategy could be summarised as maintaining administrative competencies, as well as supporting and encouraging [staff] to pursue their higher education and join training courses which will positively impact staff performance and, in turn, will help to achieve the ministry’s strategic objectives”*. The HR professional in the same ministry (M2-B) noted that, *“The ministry’s strategy is represented by supporting its employees through training courses and encouraging them to pursue their post-graduate studies, internally or externally, which will be of great benefit to their performance and this, in turn, will help the ministry to achieve its strategic objectives”*. These responses suggest that, whilst the HR strategy in the Saudi Arabian public sector encourages the provision of training and career development opportunities for its employees, the intake of skilled and experienced staff is limited, due to low salaries. This also highlights the effects of the ineffective PMS in the Saudi Arabian public sector and the absence of a strategic approach to HRD that is aligned to corporate level objectives. Therefore organisations in the Saudi public sector would be more likely to place a greater focus on the intake of individuals with specific skill sets and/or with the demonstrable aptitude to develop the necessary

competencies if the objectives of the organisations and SHRD were linked together through a strategic PMS. The differences in perceptions among the executives at the same level, and within the same ministry also indicate that there is uncertainty about the ministry's strategy among the very people who should be passing it on to the lower (operational) levels. This can be confirmed by the answers of Interviewees (M3-A) and (M3-B), who, when they were asked about strategy effectiveness in their ministries, both admitted that they think that it is problematic to implement the strategy in such a way as to achieve their ministry's objectives.

Another finding is that there is a slightly negative perception of the effectiveness of training in relation to performance management. The question relating to the effectiveness of training which focused on performance management had a great impact because it revealed one of the most important aspects of performance management in the Saudi Arabian public sector. When asked about the impact of training on performance management, the managers provided neutral to positive responses; however, the average response of employees was slightly inclined towards negativity. The mean for managers was $M=3.45$ which represents the agree category, while the employees' mean was $M=2.79$ representing the neutral category. This difference is significant ($p = 0.000$). Furthermore, frequency score percentages show that managers scored 36.8% for agree and 15.4% for strongly agree, while employees scored 32.8% and 11.1%, which falls into the disagree category. From this it can be concluded that managers have received more training in performance management than employees.

All in all, there does seem to exist a positive perception of the ministries' commitment to the training and development of employees overall. Indeed, the results in relation to the question which was formulated to decipher this indicate that managers and employees do have a positive perception of the ministries' commitment. The mean for the managers was $M = 3.94$ and for the employees $M = 3.57$ which fall into the agree category. The results also show a significant difference between the perceptions of managers and employees ($p = 0.001$). Moreover, the frequency score percentages show that managers scored 43.3% and 28.3%, while employees scored 31.5% and 25.5%. This suggests that Saudi managers believe that their ministry is committed to their training and development to a greater degree than do Saudi employees. However the results indicate that overall, both managers and employees are of the opinion that their ministry is committed to their training and development.

In addition to exploring whether employees have the impression that their ministry is committed to their training and development, it was essential to understand whether the performance appraisal is effective in helping to identify the said training and development needs. A marginal significant difference ($p = .05$) was found in the results regarding the item stating that performance appraisal identifies individuals' training needs. The means for managers and employees were in the range between $M = 3.74$ and $M = 3.48$, both of which correspond to the strongly agree category. The percentages reflect the differences, with managers at 43.2% and 25.4%, and employees at 34.6% and 21.4%. Thus it can be concluded that managers believe to a

greater extent than employees that performance appraisal identifies their training needs.

In summary, there was general consensus that the most important HR strategy and performance management tool is the training and development of employees, and that this in line with the ministries' objectives. That said, some of the interviewees' responses hint at the effects of ineffective PMS in the Saudi Arabian public sector and the absence of a strategic approach to HRD that is aligned to corporate level objectives. In addition, though it is clear training is valued, there is a slightly negative perception regarding the effectiveness of the training, for examples as regards the impact of training on performance management. Employees seem to be feeling slightly more negative about this area than their managers. That said, overall there is still a general perception that the ministries are committed to the training and development of employees overall.

Subtheme 4: The application of performance management

The results generally indicate that there is a mixed (poor and good) level of understanding regarding the principles of performance management and how such systems operate within the ministries. In exploring this, a question was posed to acquire information regarding the understanding of managers and employees about the operation of performance management in the ministries. The responses suggest that neither managers nor employees had a complete understanding of the application of

performance management. This is also evidenced by the difference between the understanding of managers and employees ($p = .000$). The mean for managers 3.99 and that for employees was 3.51; this falls within the agreement category. In addition, the frequency score percentages show that the managers, who scored 36.1% and 33.6%, scored higher than the employees, who scored 35.3% and 17.9%, with the strongly agree category explaining most of the difference. This indicates that managers know comparatively more than employees regarding how the ministries' performance management systems operate.

To further explore the level of understanding regarding the principles of PM and how it operates in the ministries, another question was posed to ascertain how well employees understand how their managers decided on their assessment; the results indicate inadequate levels of understanding on both sides. With regard to employees' understanding of the way managers decide on their assessment and how well managers' understand the way employees perceive the assessment, it was observed that there is a gap between their perceptions with strongly significant differences between managers and employees ($p = 0.000 < 0.05$). The mean for the managers was $M = 4.07$ and for employees, $M = 3.67$, which fall within the agreement band. Moreover, the percentages show that managers scored 48.7 % and 31.1%, while employees scored 41.5% and 24.2%. This indicates that managers have a higher level of belief than employees that the employees understand how managers decide on their assessment.

Another finding is that there is a lack of empowerment of employees and managers to apply the principles with the view of improving performance, due to lack of knowledge. In relation to the statement regarding training making it possible to derive the best results from the performance management system, it was observed that both the managers and employees were not empowered to apply the principles effectively due to poor training which resulted in a lack of knowledge of the principles. The results also reflect a significant difference between managers and employees ($p=0.000$). The mean for managers was $M=3.61$ which represents agreement, while for employees the mean was $M=3.00$ representing the neutral category on the same scale. This points towards an important finding which is that there is a lack of training for management and employees in particular regarding performance management in the Saudi Arabian public sector that will almost certainly eventually lead towards its inefficient application. In addition, the percentages show that managers scored 37.8% and 20.2%, while employees scored 25.3% and 9.04%. This indicates that managers have been trained more than employees regarding how to get the greatest benefit from the performance management implemented within their ministries. However, the adequacy of that training is questionable.

There is also a general lack of empowerment of employees and managers (less so for managers) to enable them to apply the principles of performance management, which is also related to their actual and perceived lack of authority. On this theme, it can be noted that there are differences between managers' and employees' perspectives on having the authority to determine their work objectives in their ministry ($p=.000$). As

for the means, the managers' mean was $M=3.61$, which represents the agree category, while the employees' mean was $M=3.00$, which lies in the neutral category. However, the percentages show that managers scored 37% and 21.8%, while employees scored 23.3% and 10.6%. These findings indicate that Saudi managers have more authority than employees in determining their work objectives in their ministry. That Saudi managers feel that they have more authority in determining their work objectives should not come as any surprise due to managers generally having more autonomy than their subordinates. In addition, in a culture with a relatively high power distance such as Saudi Arabia's, those without any seniority may be more likely to perceive themselves as not being able to determine their work objectives. Despite this, it is promising to note that on the question of whether performance management itself is limited to higher positions in the ministry, there seemed to be a general agreement between Saudi managers and employees that PM should be applied for all levels of employees, not just for senior management. The results relating to that question indicated that there are no significant differences between managers and employees in their perceptions that performance management is limited to higher positions within the ministry ($p= 0.339$). The mean for the managers and employees was in the range between $M= 4.05$ and $M= 3.95$, falling in the agreement category. This indicates that both Saudi managers and employees have the same level of understanding regarding this item, and they feel that performance management is limited to those in higher positions.

In summary, it is evident that the application of performance management by managers and employees is at risk of being compromised by the existence of differences in the levels of understanding between employees and managers regarding the principles of performance management, and more importantly, a lack of empowerment to be able to effectively apply them. This lack of empowerment is a result of inadequate training and also of a perception among employees in particular, compared to managers, that they do not feel they have the authority to apply some elements of the principles, especially as regards being able to set their own work objectives, a key tenet of successful performance management.

Subtheme 5: The perceived impact of performance management on performance and relationships between managers and employees

By and large, it seems there is consensus indicating that the performance management process is effective, though there does seem to be a significant trend which illustrates that managers generally believe this more than their employees. In addressing effectiveness, several constructs were explored; the results are outlined below.

In terms of performance management in relation to helping managers and employees to communicate with their managers/employees about what they are expected to achieve, the results show that there are no significant differences between the two groups ($p = .100$). The means for the managers and employees fit within the range between $M = 3.78$ and $M = 3.61$ which comes within the agreement category.

There is a significant difference between the opinions of managers and employees with regard to feedback given to employees by managers regarding employee performance ($p= 0.000$). The managers' mean was $M=4.07$ representing the agree category, while the employees' mean was $M=3.26$ which falls within the neutral category. In terms of frequency score percentages, managers scored 53% and 29.2%, while employees scored 33% and 12.4%, indicating that managers believe they give employees performance feedback to a greater extent than employees believe they receive performance feedback.

In terms of linking the motivation scheme to the individual's performance, the results show significant differences between managers and employees ($p= 0.049$). However, the means for managers and employees, $M= 3.29$ and $M= 3.00$ respectively, fall within the average range which represents the neutral category. Moreover, the percentages show managers at 31.9% and 18.5%, with employees at 20.3% and 16.4%. This suggests that managers believe slightly more than employees that the performance appraisal is linked to motivation.

There is a significant difference between managers and employees regarding whether performance appraisals clarify and define employees' expectations ($p=0.002$). The means for both managers and employees fit within the range between $M= 3.70$ and $M= 3.34$, which lies within the agreement category for managers and the neutral category for employees. However, the percentages show managers with 37.5% and 22.5%, and employees with 39.1% and 11.1%, indicating that Saudi managers believe

more than their employees that performance appraisals clarify and define employees' expectations.

The study also produced a significant difference in the perspectives of managers and employees regarding the realistic likelihood of work objectives being achieved ($p= 0.012$). The means fit within the range between $M= 4.13$ and $M= 3.89$ for both managers and employees which is representative of the agree category. However, the percentages show managers at 47.1% and 35.3%, and employees at 46% and 25.1%. The results therefore suggest that Saudi managers have a higher level of belief than their employees that the work objectives are realistic in terms of them being achieved.

The results also show a significant difference between managers and employees on how regularly they meet with their managers to discuss their performance ($p=0.001$). The means, $M=3.68$ and $M=3.29$, fall within the range of the agree category for managers, and neutral for employees. This suggests that the level of belief among managers that they meet with their employees regularly to discuss their performance is greater than that of employees. Furthermore, there is no significant difference between managers and employees on whether they perceive the assessment procedures to be fair and unbiased ($p= 0.462$). The mean scores, $M=3.82$ and $M=3.73$, fall within the range of the agree category, with the frequency percentages for managers being 41.2% and 28.6%, whilst those for employees were 40% and 24.3%. This indicates that both managers and employees believe equally that the assessment procedures used in the ministry are fair and unbiased.

The results also show that managers and employees differ in their level of satisfaction with how the performance appraisal is conducted ($p= 0.035$). The means, $M=3.87$ and $M=3.61$ for managers and employees respectively, fall within the agree category. The percentages show managers with 39.5% and 33.6%, and employees with 35.2% and 23.7%, indicating that, while both managers and employees are satisfied with the way the employee performance appraisals are conducted, managers are satisfied to a greater degree than employees.

Another finding is that it would appear that both employees and managers believe that performance management has a positive impact on the relationship between them, and that the levels of conviction on this notion are more similar than those in results given previously. In determining whether the relationship between managers and employees is positive, it was important to determine how comfortable either party are about raising work problems. In terms of the ease with which managers and employees can discuss work problems, the results show that both employees and managers agree that it is easy. Further, there are no significant differences between the two groups ($p=0.256$), with means $M=4.18$ and $M=4.06$, falling into the agree category; the percentages for managers were 45.8% and 40.8%, and 38.6% and 39.4% for employees. This suggests that managers regard the discussion of work problems with their employees in almost the same way as employees.

The level of difficulty that managers and their employees have in agreeing objectives together was used as a proxy for determining whether the relationship between

managers and employees is positive. The results show that there is no significant difference between managers and employees ($p=0.154$), with means, $M=2.95$ and $M=2.75$, falling within the range of the neutral category. The results indicate that managers and employees have the same level of difficulty in agreeing objectives with their respective superiors.

In summary, regarding the effectiveness of the performance management process itself, all in all there seems to be consensus, indicating that the performance management process is effective, though there does seem to be a significant trend illustrating that managers generally believe this more than their employees. However, the two groups seem aligned as regards the fact that performance management has a positive impact on the relationship between them. This is essential for successful implementation of performance management as there is a 'buy-in', which contributes to successful application.

5.3.1.3 General conclusions on Saudi public sector employee and manager perspectives on current PMS

To summarise, the results from the first subtheme are clear. While both managers and employees produced high scores on all metrics except training in PM, which indicates that both managers and employees understand the current PMS, two sample t-test results revealed that in all cases, the managers showed significantly higher levels of understanding than the employees, at the 95% level of significance. In all cases, this difference was significantly beyond the 1% level, which is strong evidence of a

difference. These results also add significantly to one of our research objectives – to acquire an understanding of how performance management is experienced, and perceived in the Saudi Arabian public sector. The results from the interviews further support these findings.

The interview results show that both managers and employees in the Saudi public sector understand the PMS to some degree; however, the actual essence of PMS and its significance in the alignment of strategic objectives to the individual goals are not acknowledged. Saudi managers had a comparatively better understanding of the PMS than employees. However, in the context of implementation of the BSC, it can be said that the understanding of PMS in the Saudi public sector is insufficient as will be discussed further in the next chapter.

The results for subsequent subthemes revealed that generally both Saudi managers and employees feel that the performance management programmes that are set in place by the ministries are, on balance, effective. However, the mean scores appear to be generally lower than those for the previous subtheme. The results also added significantly to the research objectives regarding the understanding of performance management and the integration of the LGP within the PMS operating in the Saudi Arabian public sector. There is a general agreement between Saudi managers and employees that PM is not limited to higher positions; that PM helps in communicating with their subordinates or supervisors; and that performance appraisals link the ministry's strategic goals with those of the manager/employee.

However, with regard to the remaining items that comprise this subtheme, the evidence indicates that Saudi managers have a higher level of understanding or perception than employees that the performance improvement programmes for the employee and the ministry are effectively linked.

These results showed that Saudi managers and employees have positive perceptions regarding the performance management programmes that are set in place by the ministries. On this point the primary data was slightly contradictory as, on one hand, managers and employees agreed that PMS is used to communicate strategic goals to managers and employees, whilst, on the other hand, a lack of knowledge regarding the LGP and the BSC as a whole at the top management level indicates that there is no effective PMS system linking strategic objectives with individual goals.

Finally, in relation to the final subtheme, the relationship between managers and employees is, on balance, relatively strong in all but one of the items, with mean scores close to 4 or higher. It is also noticeable is that these opinions are shared equally between managers and employees. The only thing that differs significantly is the frequency with which the participants meet with their superiors, with managers meeting their supervisors more regularly than employees. This shows a positive relationship between managers and employees which is also an essential factor for the implementation of the LGP.

5.4 Findings on Performance Management System

5.4.1 Understanding how the managers and employees perceive the performance management system

Drawn from interviews and the third section of the structured questionnaire, the aim of this part is to develop an understanding of how the performance management system (PMS) is perceived by both managers and employees, that is, what it means to participants. It includes 17 statements from the questionnaire and is divided into four subthemes. These are: (i) the usefulness/contribution of performance management, (ii) the effectiveness of performance management systems (includes reasons), (iii) obstacles to the effectiveness performance management system, and (iv) effectiveness of performance appraisal techniques. An effective PMS should enhance individuals' performance and help them to do a better job by developing their skills and increasing their capabilities so that they can reach a high performance level. The section also focuses on the differences and similarities between managers and employees in their understanding of PMS.

5.4.1.1 Descriptive results

For clarity of presentation, the descriptive results are summarised in the table below. These results were used in conjunction with the interview results in the analysis which aimed to produce the main findings of this section.

Table 5.2: The contribution of the PMS to managers and employees

Q			Strongly Disagree		Disagree		Neutral		Agree		Strongly agree		Missing Value		Managers' Mean	Employees' Mean	Mean Differences	2 sample t-test P value
			M	E	M	E	M	E	M	E	M	E	M	E				
1	PM helps me to do my job better in the ministry	Freq	2	7	10	36	29	75	52	80	26	37	1	1	3.76	3.44	0.31	0.006
		%	1.7	3.0	8.4	15.3	24.4	31.9	43.7	34.0	21.8	15.7						
2	PM develops my skills and capabilities	Freq	-	11	7	38	41	83	47	69	24	35	1	0	3.74	3.33	0.40	0.000
		%	-	4.7	5.9	16.1	34.5	35.2	39.5	29.2	20.2	14.8						
3	PM generally is only of use to the personnel department	Freq	9	22	29	65	34	90	30	43	15	15	3	1	3.11	2.85	0.26	0.030
		%	7.7	9.4	24.8	27.7	29.1	38.3	25.6	18.3	12.8	6.4						
4	PM is only of use to the individual line managers	Freq	3	8	11	33	37	84	43	69	25	40	1	2	3.64	3.43	0.21	0.068
		%	2.5	3.4	9.2	14.1	31.1	35.9	36.1	29.5	21.0	17.1						
5	The current PM system works well and does not need to change	Freq	7	37	31	71	46	79	19	37	15	11	2	1	3.03	2.63	0.40	0.001
		%	5.9	15.7	26.3	30.2	39.0	33.6	16.1	15.7	12.7	4.7						
6	The PM system in the ministry is clear for me	Freq	4	20	26	66	37	78	38	54	14	18	1	0	3.27	2.93	0.34	0.005
		%	3.4	8.5	21.8	28.0	31.1	33.1	31.9	22.9	11.8	7.6						
7	PM in the ministry is successful because it is part of an integrated approach to the management of people	Freq	2	25	23	52	43	90	33	55	18	14	1	0	3.35	2.92	0.43	0.000
		%	1.7	10.6	19.3	22.0	36.1	38.1	27.7	23.3	15.1	5.9						
8	PM in the ministry is successful because it integrates the goals of individuals with those of the organisation	Freq	4	22	19	57	46	88	34	51	16	17	1	1	3.33	2.93	0.40	0.001
		%	3.4	9.4	16.0	24.3	38.7	37.4	28.6	21.7	13.4	7.2						
9	PM must be linked with the payment systems	Freq	2	8	10	17	22	57	42	74	44	76	0	4	3.97	3.83	0.13	0.257
		%	1.7	3.4	8.3	7.3	18.3	24.6	35.0	31.9	36.7	32.8						
10	PM in the ministry is inevitably a bureaucratic chore	Freq	2	4	19	24	42	82	33	83	24	40	0	3	3.48	3.56	0.08	0.474
		%	1.7	1.7	15.8	10.3	35.0	35.2	27.5	35.6	20.0	17.2						
11	The people in my work group are committed to work in the ministry	Freq	1	4	15	18	28	62	58	98	16	54	2	0	3.62	3.76	0.14	0.172
		%	0.8	1.7	12.7	7.6	23.7	26.3	49.2	41.5	13.6	22.9						
12	I have no problem if my manager gives negative comments about my performance/ I have no problem giving my employees negative comments about their performance	Freq	-	3	11	12	10	16	65	99	33	104	1	2	4.01	4.24	0.23	0.021
		%	-	1.3	9.2	5.1	8.4	6.8	54.6	42.3	27.7	44.4						
13	The information generated by PA (performance appraisal) is productive and of value	Freq	1	6	21	13	35	54	40	92	23	69	0	2	3.53	3.88	0.35	0.002
		%	0.8	2.6	17.5	5.6	29.2	23.1	33.3	39.3	19.2	29.5						
14	The time spent on PA could be used more productively elsewhere	Freq	7	22	41	48	32	83	30	57	10	24	0	2	2.96	3.06	0.10	0.432
		%	5.8	9.4	34.2	20.5	26.7	35.5	25.0	24.4	8.3	10.3						
15	There is a problem with the existing design of the PA form	Freq	4	7	17	21	25	110	40	67	33	30	1	1	3.68	3.39	0.29	0.017
		%	3.4	3.0	14.3	8.9	21.0	46.8	33.6	28.5	27.7	12.8						
16	PA develops my performance/ PA develops my employees' performance	Freq	1	10	19	20	33	50	41	79	25	76	1	1	3.59	3.81	0.22	0.065
		%	0.8	4.3	16.0	8.5	27.7	21.3	34.5	33.6	21.0	32.3						
17	PA relieves my uncertainty about performance/ PA relieves employees' uncertainty about performance	Freq	1	7	14	20	26	41	54	88	25	79	0	1	3.73	3.90	0.17	0.142
		%	0.8	3.0	11.7	8.5	21.7	17.4	45.0	37.4	20.8	33.6						

Table 5.2 shows: percentages, missing values, means for managers and employees, missing values, mean differences and sig. (2-tailed) responses to each statement concerning the understanding of the effectiveness of the current performance

management system in the Saudi public sector from the perspectives of employees and managers.

5.4.1.2 Subthemes

Subtheme 1: Contribution/usefulness of performance management to managers and employees

The first major theme regarding how managers and employees perceived the PMS was identified as: ‘The contribution of the performance management to managers and employees’. The first statement to be asked was whether the PMS helps managers and employees perform their job better. The mean for managers was $M = 3.76$ and for employees $M = 3.44$, which fall into the agree category, which means that both managers and employees felt that PM helped them to do their jobs better. However, within this positive paradigm, there was significant evidence ($P = 0.006$) showing that managers are more positive than employees. The percentages show that 43.7% of the managers agreed, while 21.8% strongly agreed. Those for employees were 34.0% and 15.7% respectively, again clearly indicating that managers have more belief than employees that PM is helping them to do their job better.

Another finding in support of this theme relates to whether performance management develops the participants’ skills and capabilities. Managers ($M = 3.74$) were positive about this, while employees ($M = 3.33$) were neutral. The frequency results also support this, with 39.5% and 20.2% of managers agreeing or strongly agreeing, while

values for employees were 29.2% and 14.8% respectively. The results also show that there is a significant difference between managers and employees ($p= 0.000$). From this it can be suggested that managers develop their skills and capabilities more than employees.

There was also a significant difference ($p=0.030$) between the way managers and employees regard the concept in that general performance management is only considered of use to the personnel department. The mean scores are 3.11 and 2.85 for managers and employees respectively; both groups are within the neutral category. The results indicate that managers are more inclined than employees to have the idea that performance management is, in general, only of use to the personnel department.

Another important finding relates to the statement that performance management is only of use to the individual's line managers. Both managers and employees were positive about this with means of 3.64 and 3.43 respectively. The frequency score percentages for managers were 36.1% and 21%, and for employees 29.5% and 17.1% for agree and strongly agree respectively. However, the difference between managers and employees was marginally insignificant ($p= 0.068$). This suggests, albeit weakly, that managers may tend to view performance management as primarily benefiting the individuals' line managers rather than employees.

These findings on the usefulness of PMS are supported by top management. Top management cited training needs assessment as one important aspect of PMS that

makes a huge contribution to the usefulness of PMS. For example, Interviewee (M1-A) explained that there are “*lists of training programs circulated to all departments which submit the names of their candidates after getting the approval of their direct managers*”. The HR professional in the same ministry (M1-B) added that the training needs are identified “*through the Committee of Training and Scholarship in the ministry, which is composed of two under-secretaries, the General Manager of Administrative and Financial Affairs, and the ministry’s advisor*”.

To conclude, the overall findings are that both managers and employees believe in the usefulness of the PMS, although, on balance, managers appear to be more positive about this than employees.

Subtheme 2: The effectiveness of the PMS

Several findings are used to support this theme and at the same time explain why the PMS was considered to be effective or ineffective. Managers and employees were asked whether the PMS works well and does not need to change. The result was that while managers were neutral to this ($M=3.03$), employees ($M=2.63$) felt that it needed to be changed, indicating that the PMS was ineffective. The percentages for managers were 16.1% and 12.7% for agree and strongly agree, while those for employees were 15.7% and 4.7% respectively. The results show that there was a significant differences between managers and employees ($p=0.001$). Hence, managers tend to believe more often than employees that the current performance management

system works well and does not need to change, while employees are quite clear that it is ineffective and needs to be changed.

Another finding related to how clear the PMS is in the ministry. Here the means for managers and employees were $M=3.27$ and $M=2.93$ respectively, and fell within the neutral category. The percentages for managers were 31.9% and 11.8%, and for employees 22.9% and 7.6%, suggesting a greater belief amongst managers than employees that the PMS is clear. This is supported by the comparative tests results ($P=0.005$) which indicate that management more often believe PMS to be clear than employees do.

Several factors were used to identify why the PMS was ineffective/effective. Firstly, it was found that managers tended to feel that the PMS was successful because it is part of an integrated approach to the management of people. Here there was a significant difference of opinion between managers and employees ($M=3.35$), with employees feeling that this was the case less often ($M=2.92$). This difference between managers and employees, though seemingly small, was statistically significant ($p=0.000$).

Secondly, both managers and employees were neutral to the notion that performance management in their ministry is successful because it integrates the goals of individuals with those of the organisation, with $M=3.33$ for managers and $M=2.93$ for employees. However, within this neutral perception, managers were more positive

than employees ($p=0.001$), indicating that managers are more apt than employees to have the notion that performance management in the ministry is successful because it integrates the goals of individuals with those of the organisation. This is also supported by the frequency score percentages for managers (28.6% and 13.4%) and employees (21.7% and 7.2%).

Thirdly, the notion that the PMS must be linked to the payment system was strongly supported by both managers ($M=3.97$) and employees ($M=3.83$). The fact that 36.7% of the managers and 32.8% of the managers scored this a perfect 5 (strongly agree) is overwhelming evidence that both managers and employees felt that this link was crucial for PMS to be effective. Indeed, there was no difference between managers and employees on this finding ($p=0.257$). From this it can be concluded that there is more or less unanimity in the perceptions of managers and employees about the desirability of performance management being linked to payment systems.

Fourthly, the findings from the interviews with top management also cited training as one of the main reasons why PMSs were effective and thereby helped ensure that the ministry achieves its strategic objective. Interviewee (M2-B) stated that in the ministry “*a training plan is issued each fiscal year for approximately 300 employees*”. These plans are for the employees to be able to increase their capabilities to meet their ministry’s strategic objectives.

Finally, four of the six members of top management interviewed felt that the shared responsibility and involvement of all individuals starting from the managing director and going up as far as the minister ensured that the PMS was effective because the ministry's objectives would then be achieved. However, two of top management, (M2-A) and (M2-B), think that this is the direct manager's prime responsibility. As Interviewee (M2-A) stated, it is the responsibility of "*a direct manager, as he is primarily responsible for the performance of his subordinates in general*".

To conclude, on balance, both managers and employees tended to feel that the PMS is not very effective, although the managers were more positive, while employees were more pessimistic. All respondents, managers, employees, and top management were in general congruent on which factors strongly influence the effectiveness of PMS, with managers and employees clearly feeling that the link between the PMS and payment system is the most important factor.

Subtheme 3: Obstacles to the effectiveness of PMS:

An important theme that emerged was that of obstacles to the effectiveness of PMS. One important finding was that both managers (M=3.48) and employees (M=5.56) felt that a major obstacle to its effectiveness ($p=0.474$) was the bureaucracy in the ministry. The frequency score percentages for managers were 27.5% and 20%, and for employees 35.6% and 17.2%, indicating that managers and employees hold

similar positions. This also leads to the important finding that performance management in the Saudi Arabian public sector may be applied only to the extent of it being a formality, and that it may not be strategically integrated into the system.

Commitment to work is another obstacle to PMS effectiveness that was identified in the study. The results shows near unanimity between both groups in the perception that the people in their work group are committed to work in the ministry. The frequency score percentages were 49.2% and 13.6% for managers and 41.5% and 22.9%, for employees. The mean for managers ($M=3.62$) and employees ($M=3.76$) both fall within the agree category, and no difference was detected between managers and employees ($p=0.172$).

Top management, on the other hand tended to cite different sources of obstacles to the effectiveness of PMS, as is reflected in the following findings from the interviews. Two interviewees felt that low salaries compared with the private sector is the main obstacle to implementing an effective PMS systems along with HRD policy in general. For example, Interviewee (M3-B) said that: *“in my opinion, the main obstacle lies in the low salaries compared to the private sector, which forces those administrative competencies to seek jobs in the private sector where salaries and financial benefits are more attractive”*. Another view comes from Interviewee (M1-B) who believes that civil service regulations are the main obstacles to the implementation of the policy. He stated that *“some civil service regulations do not allow certain employees to take advantage of training courses needed by the ministry.*

The main reason behind that is the job title, as the job titles of many employees do not conform to the real functions they are performing. Some of those regulations reduce our development policies". Interviewee (M2-A) believes that the main obstacles come from, *"individual differences and the difficulty of dealing with this issue"*, and *"financial temptations provided by external competitors which affect maintaining administrative competencies"*. The HR professional presented an alternative obstacle, namely the lack of job stability.

In response to the question on their suggestions to overcome these obstacles, two of the interviewees said they believed that their ministries did not take enough action to overcome them, whilst the other interviewees provided suggestions as to how their ministries might overcome such obstacles. Firstly, there is a need to focus on moral incentives and supporting staff by granting them indirect incentives (e.g., scholarships and training. Secondly, efforts must be made to persuade the Ministry of Civil Service to be more flexible with regard to job descriptions for each ministry, allowing each ministry to develop its own job descriptions. Thirdly, consolidation must be given to convincing the Ministry of Civil Service to give more power to ministries with regard to recruitment, selection, appraisal and promotion. Fourthly, there must be a link between financial incentives and performance. Finally, it is important to convince the Ministry of Finance that they should increase the ministries' budgets and allow each ministry to create new jobs that suit its needs.

Subtheme 4: The effectiveness of the performance appraisal (PA) scheme

An effective performance appraisal (PA) scheme was identified by five of the six top management executives who were interviewed as being a key strategy that a ministry can use to ensure that the ministry's objectives are achieved. However, despite this, some of the interviewees believe the annual performance appraisal is unreliable because, as Interviewee (M3-B) states, "*The performance appraisal form is very old and has not been updated in accordance with later changes and developments*".

The theme of the effectiveness of the PA scheme was also identified by the managers and employees. There were important findings regarding responses to negative comments by managers or employees. Managers very strongly felt that they had no problem with giving feedback to employees ($M=4.01$), while employees also felt very strongly that they had no problem in receiving feedback from managers ($M=4.24$). Indeed, 82.3% of the managers and 84.7% of the employees agreed with the idea of PA. However, employees had a slightly stronger inclination than managers ($p = 0.021$), indicating that they are more likely to accept feedback than managers are to give it.

Both managers and employees also believe that the information generated from performance appraisal is productive and of value, with $M= 3.53$ and $M=3.88$ for managers and employees respectively. However, employees have a stronger belief than managers ($P=0.002$). This is also supported by the fact that 29.5% of the employees but only 19.2% of the managers strongly believe in its value.

Nevertheless, in terms of whether the time spent on performance appraisal could be used more effectively elsewhere, the results show that there are no significant differences between managers and employees on this issue ($p= 0.432$). The means ($M= 2.96$ and $M=3.06$), which fall into the neutral category, indicating that both managers and employees do not feel strongly about this point. The percentages for managers were 25% and 8.3%, and for employees 24.4% and 10.3%.

Another finding was on whether there is a problem in the existing design of the performance appraisal form. Both managers ($M=3.68$) and employees ($M=3.39$) concurred that the current PA form design is flawed. Managers feel more strongly about this compared to employees ($p = 0.017$). This is also supported by the frequency score percentages from managers (33.6% and 27.7%) and employees (28.5% and 12.8%) indicating that the former more so than the latter believe that there is a problem in the existing design of the performance appraisal form.

Managers and employees also concur that PA develops an individual's performance. The mean for managers is $M=3.59$, and that for employees, $M=3.81$, both of which fall within the agree category. There is no significant difference between managers and employees regarding this matter ($p=0.065$), with percentages for managers of 34.5% and 21%, and for employees of 33.6% and 32.3%. These results clearly suggest that both managers and employees believe equally that performance appraisal develops their performance.

There is also strong evidence that both managers and employees are of the opinion that with values of $M=3.73$ and $M=3.90$ there is no difference between managers and employees ($p = 0.142$), which is also supported by frequency percentages of 45% and 20.8% for managers and 37.4% and 33.6%, for employees. This means that both managers and employees believe performance appraisals decrease employees' uncertainty about their performance.

To summarise, whilst in all the previous subthemes Saudi managers tended to have more positive views than their employees, the reverse is apparent in this subtheme. Managers and employees both have high scores in that they have no problem in receiving feedback, whether good or bad. However, in two of the statements (items 12 and 13), managers have significantly lower scores than employees, indicating that managers were more pessimistic. The fact that scores in relation to appraisals were generally below 4 indicates that both managers and employees are, in general, not fully satisfied with most aspects of the performance appraisal process, with the exception of the feedback. Linking this to other findings, it can be said that the fact that the appraisal system is not wholly viewed as fair and unbiased may be related to the lower level of satisfaction.

Summary

To summarise regarding 'understanding how the managers and employees perceive the performance management system', there was broad agreement between Saudi

managers and employees on the meaning of PM and what it contributes positively. Both groups agreed that PM can help in skills development and in enabling employees to carry out their jobs. However, the low scores from both managers and employees suggest the current PMS was not working well and that it needs to be changed. In addition to the low scores, the employees had significantly lower scores than managers, indicating that they strongly felt that this current PM system was ineffective and needed to be changed. In relation to many other findings, the employees had a significantly less positive opinion than managers on the contribution of PM. The findings from this theme indicate concerns about the performance of the PMS currently in operation in the Saudi public sector. Finally, the findings within this theme contribute towards this study's research objective regarding understanding performance management as it operates in the Saudi public sector. Therefore it can be said that, with regard to the impact of the PMS on the performance of Saudi managers and employees, there is a degree of negative perception on the part of employees as they believe the PMS does not contribute towards improving their performance. This gives rise to the issue that the PMS has been implemented merely as a formality rather than as a tool for alignment between strategic and individual objectives in the Saudi public sector.

5.5 The learning and growth perspective (LGP)

The LGP is the central tenet of this study. This section presents and interprets the results of the LGP analysis, and the identification of the key themes in the LGP. The

sources of the themes include the interviews with top management, the descriptive results of the mean scores for managers and employees, and the findings from the analysis of the structured questionnaires for managers and employees; here factor analysis is used to identify the underlying conceptual dimensions for the LGP. A summated rating scale using reliability analysis is also developed. This aims to develop a measurement tool for the LGP in the context of the Saudi Arabian public sector. Comparisons between managers and employees are also performed.

For clarity of presentation, the ministries are identified as M1, M2 and M3. The letters A and B represent the CEO and HR professional respectively. Hence they are coded as M1-A in the case of the CEO of Ministry M1, and so forth. In addition, the tables showing the descriptive results are also presented before the analysis of the interviews and the descriptive analysis and factor analysis.

This part of the questionnaire survey consists of 22 statements covering the LGP items which were compiled mainly from the work of Kaplan and Norton (2004) and Niven (2006). Table 5.3 shows frequency percentages; missing values, and mean scores for employees; and standard deviation and rank of mean for employees; Table 5.4 shows similar information for managers. The two tables are described separately.

Table 5.3: The learning and growth elements in the current performance management system – employees

N	About the learning and growth perspective of the balanced scorecard. (employees)		Strongly Disagree	Disagree	Natural	Agree	Strongly Agree	Missing value	Mean	SD	Rank of mean
1	I am aware of what the balanced scorecard is about.	Freq.	26	62	74	55	19	0	2.91	1.12	15
		%	11.0	26.3	31.4	23.3	8.1				
2	The ministry has a mechanism to ensure employees' ability to do their jobs.	Freq.	20	54	85	59	17	1	3.00	1.06	12
		%	8.5	23.0	36.2	25.1	7.2				
3	The ministry is concerned about developing employees' capabilities.	Freq.	19	45	71	74	27	0	3.19	1.12	8
		%	8.1	19.1	30.1	31.4	11.4				
4	The ministry has a mechanism for current training needs.	Freq.	19	53	64	75	25	0	3.14	1.13	9
		%	8.1	22.5	27.1	31.8	10.6				
5	The ministry follows a system that enables it to determine training needs in future.	Freq.	20	59	86	47	24	0	2.98	1.10	13
		%	8.5	25.0	36.4	19.9	10.2				
6	The factors that limit the pressures of work are addressed.	Freq.	24	67	89	34	20	2	2.82	1.08	17
		%	10.3	28.6	38.0	14.5	8.5				
7	The individuals' work tasks are aligned with the ministry's strategic objectives.	Freq.	19	42	86	68	20	1	3.12	1.06	10
		%	8.1	17.9	36.6	28.9	8.5				
8	The motivation scheme in the ministry is linked with the individuals' performance.	Freq.	38	85	53	30	30	0	2.70	1.25	19
		%	16.1	36.0	22.5	12.7	12.7				
9	Employees are involved with the ministry's decisions.	Freq.	58	75	64	27	12	0	2.41	1.13	22
		%	24.6	31.8	27.1	11.4	5.1				
10	Employees are actively encouraged to be creative and use initiative.	Freq.	42	69	62	45	18	0	2.69	1.19	20
		%	17.8	29.2	26.3	19.1	7.6				
11	The focus of performance management in the ministry is continuously developed.	Freq.	25	67	76	51	16	1	2.86	1.09	16
		%	10.6	28.5	32.3	21.7	6.8				
12	The main objective of performance management in the ministry is to motivate individuals.	Freq.	28	55	76	52	24	1	2.95	1.16	14
		%	11.9	23.4	32.3	22.1	10.2				
13	The ministry provides their staff with the technological equipment needed to perform work tasks efficiently and effectively.	Freq.	13	36	35	106	44	2	3.56	1.13	4
		%	5.6	15.4	15.0	45.3	18.8				
14	Employees have access to sufficient information to do their jobs well.	Freq.	10	37	69	88	32	0	3.40	1.04	7
		%	4.2	15.7	29.2	37.3	13.6				
15	The employees' satisfaction is measured in the ministry.	Freq.	40	71	75	37	12	1	2.62	1.10	21
		%	17.0	30.2	31.9	15.7	5.1				
16	Hard work in the ministry is recognised/rewarded.	Freq.	40	65	59	53	19	0	2.77	1.21	18
		%	16.9	27.5	25.0	22.5	8.1				
17	The ministry values my contribution.	Freq.	23	47	83	59	23	1	3.05	1.11	11
		%	9.8	20.0	35.3	25.1	9.8				
18	The ministry is a good employer.	Freq.	12	21	75	87	41	0	3.53	1.04	5
		%	5.1	8.9	31.8	36.9	17.4				
19	Communication is good among the ministry's employees.	Freq.	6	34	66	90	38	2	3.51	1.01	6
		%	2.6	14.5	28.2	38.5	16.2				
20	My work colleagues and I have respect for each other.	Freq.	-	1	19	108	107	1	4.37	0.65	1
		%	-	0.4	8.1	46.0	45.5				
21	My work colleagues and I work as a team.	Freq.	1	28	43	83	81	0	3.91	1.02	2
		%	0.4	11.9	18.2	35.2	34.3				
22	Managers give the best assessments to people they like.	Freq.	14	21	69	63	69	0	3.64	1.16	3
		%	5.9	8.9	29.2	26.7	29.2				

NB: Missing Value Analysis did not identify any patterns, hence no influence on results

Table 5.4: The learning and growth elements in the current performance management system – managers

N	About the learning and growth perspective of the balanced scorecard (managers)		Strongly Disagree	Disagree	Natural	Agree	Strongly Agree	Missing value	Mean	SD	Rank of mean
1	I am aware of what the balanced scorecard is about.	Freq.	6	30	32	34	18	0	3.23	1.14	13
		%	5.0	25.0	26.7	28.3	15.0				
2	The ministry has a mechanism to ensure employees' ability to do their jobs.	Freq.	3	33	38	32	14	0	3.18	1.04	14
		%	2.5	27.5	31.7	26.7	11.7				
3	The ministry is concerned about developing employees' capabilities.	Freq.	3	8	26	63	20	0	3.74	0.90	6
		%	2.5	6.7	21.7	52.5	16.7				
4	The ministry has a mechanism for current training needs.	Freq.	2	18	22	55	22	1	3.65	1.00	9
		%	1.7	15.1	18.5	46.2	18.5				
5	The ministry follows a system that enables it to determine training needs in future.	Freq.	4	24	31	43	17	1	3.38	1.07	11
		%	3.4	20.2	26.1	36.1	14.3				
6	The factors that limit the pressures of work are addressed.	Freq.	8	30	44	24	12	2	3.02	1.07	17
		%	6.8	25.4	37.3	20.3	10.2				
7	The individuals' work tasks are aligned with the ministry's strategic objectives.	Freq.	4	17	34	52	12	1	3.43	0.97	10
		%	3.4	14.3	28.6	43.7	10.1				
8	The motivation scheme in the ministry is linked with the individuals' performance.	Freq.	19	40	27	21	13	0	2.74	1.23	20
		%	15.8	33.3	22.5	17.5	10.8				
9	Employees are involved with the ministry's decisions.	Freq.	24	35	37	15	8	1	2.56	1.15	22
		%	20.2	29.4	31.1	12.6	6.7				
10	Employees are given active encouragement to be creative and use initiative.	Freq.	11	36	32	28	13	0	2.97	1.16	18
		%	9.2	30.0	26.7	23.3	10.8				
11	The focus of performance management in the ministry is continuously developed.	Freq.	7	29	45	31	8	0	3.03	1.00	16
		%	5.8	24.2	37.5	25.8	6.7				
12	The main objective of performance management in the ministry is to motivate individuals.	Freq.	8	31	38	32	11	0	3.06	1.08	15
		%	6.7	25.8	31.7	26.7	9.2				
13	The ministry provides their staff with the technological equipment needed to perform work tasks efficiently and effectively.	Freq.	-	2	11	61	45	1	4.25	0.69	2
		%	-	1.7	9.2	51.3	37.8				
14	Employees have access to sufficient information to do their jobs well.	Freq.	1	7	23	59	30	0	3.92	0.87	4
		%	0.8	5.8	19.2	49.2	25.0				
15	The employees' satisfaction is measured in the ministry.	Freq.	24	31	38	17	10	0	2.65	1.19	21
		%	20.0	25.8	31.7	14.2	8.3				
16	Hard work in the ministry is recognised/rewarded.	Freq.	16	24	45	18	16	1	2.95	1.20	19
		%	13.4	20.2	37.8	15.1	13.4				
17	The ministry values my contribution.	Freq.	7	30	28	34	21	0	3.27	1.19	12
		%	5.8	25.0	23.3	28.3	17.5				
18	The ministry is a good employer.	Freq.	-	17	24	54	25	0	3.72	0.95	7
		%	-	14.2	20.0	45.0	20.8				
19	Communication is good among ministry employees.	Freq.	-	6	41	49	24	0	3.76	0.83	5
		%	-	5.0	34.2	40.8	20.0				
20	My work colleagues and I have respect for each other.	Freq.	-	1	4	54	61	0	4.46	0.61	1
		%	-	0.8	3.3	45.0	50.8				
21	My work colleagues and I work as a team.	Freq.	2	3	14	61	40	0	4.12	0.83	3
		%	1.7	2.5	11.7	50.8	33.3				
22	Managers give the best assessments to people they like.	Freq.	4	17	29	31	39	0	3.70	1.16	8
		%	3.3	14.2	24.2	25.8	32.5				

NB: Missing Value Analysis did not identify any patterns, hence no influence on results

5.6 Factor analysis results for managers

As mentioned earlier, this section will present the results of the factor analysis, which was aimed at identifying the underlying conceptual dimensions of the LGP, and developing a measurement scale that can be used to operationalise the LGP component of the BSC. Understanding of the LGP within the Saudi public sector is important because the LGP is argued by Kaplan and Norton (2004) to be the driving force behind the BSC. Among the core purposes of factor analysis is analysing and presenting the relationship between multiple measurable entities. Factor analysis has been used for the purpose of this research as it helps in quantitatively identifying the underlying conceptual dimensions of the LGP using primary data. The following sections present the factors derived from the data, the relevant variables covered under each factor, and the relationships between the variables and factors.

In performing the factor analysis in SPSS, the principal component analysis technique with the Varimax orthogonal rotation method was used. The Varimax rotation is the most popular orthogonal rotational method (Hair et al., 1998 p.90). All 22 variables/items for the LGP perspective were included in the initial analysis. The results for managers are presented below.

For managers, an examination of the SPSS outputs showed that the assumptions of factor analysis were satisfied, and hence the results could be interpreted: As shown in Table 5.5, the KMO sampling adequacy was 0.87 which falls within the ‘meritorious’ range, meaning that the data adequately fits the model. This very high KMO index

illustrates that the quality of the data and model fit is exceptionally high and, hence the interpretation of the results can be carried out with high confidence. The Bartlett test of sphericity is also highly significant ($P < 0.001$), again indicating the superiority of the model. The Bartlett test is a test of the assumption of sphericity, which is effectively testing for equality of variance among the groups and that the dependent variables are not correlated. A p value of < 0.05 means that variance is equal, and hence the model is appropriate.

Table 5.5: KMO and Bartlett Tests for Managers

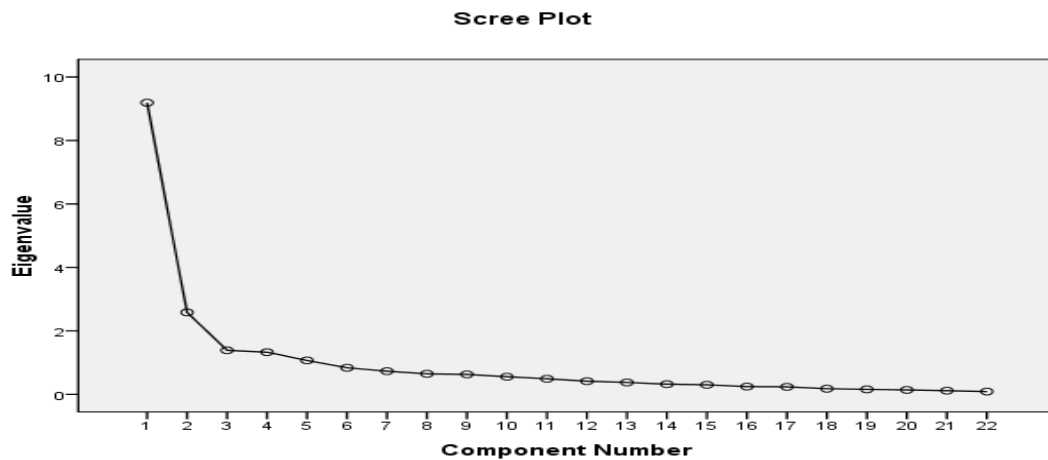
KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.870
Bartlett's Test of Sphericity	Approx. Chi-Square	1.702E3
	df	231
	Sig.	.000

An examination of the factor component matrix in Table 5.6 revealed that 5 factors of the rotated matrix explained 70.7% of the total (cumulative) variance, that is the entirety of the spread of the numbers within this set. The first factor explained 20.1%, the second 17.7%, the third 16.4, the fourth 9.9% and the fifth 6.6%. According to Hair et al. (1998), if the total variance explains an index of over 70%, it means that the variables are closely related to one another. The generally accepted standard is 60% or more, although 50% or higher is also accepted in exploratory studies. The total variance explained by factors in this study is 71%, which is very high. Another way of determining how many factors are appropriate is to look at the scree plot (see Figure 5.1). Again, it can also be seen that the 5-factor solution appears to be more appropriate.

Table 5.6: Results of the extraction of the component matrix (22 variables)

Component	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.190	41.771	41.771	9.190	41.771	41.771	4.426	20.120	20.120
2	2.582	11.736	53.507	2.582	11.736	53.507	3.899	17.723	37.843
3	1.387	6.304	59.811	1.387	6.304	59.811	3.601	16.369	54.212
4	1.328	6.036	65.846	1.328	6.036	65.846	2.177	9.897	64.110
5	1.068	4.855	70.701	1.068	4.855	70.701	1.450	6.591	70.701
6	.835	3.798	74.499						
7	.729	3.313	77.812						
8	.646	2.934	80.746						
9	.628	2.854	83.601						
10	.555	2.522	86.123						
11	.490	2.226	88.349						
12	.414	1.882	90.231						
13	.375	1.703	91.933						
14	.320	1.454	93.387						
15	.299	1.361	94.748						
16	.244	1.107	95.855						
17	.237	1.075	96.930						
18	.177	.804	97.734						
19	.157	.715	98.449						
20	.140	.635	99.083						
21	.115	.524	99.607						
22	.086	.393	100.000						

Extraction Method: Principal Component Analysis.

Figure 5.1: Scree Plot for Component Analysis

Based on the results of the factor matrix and the scree plot, the initial decision was taken to adopt the 5-factor solution. However, an examination of the factor loadings (see Table 5.7) showed one variable, “*My work colleagues and I have respect for each other*”,

loaded together with the variable *“Managers give the best assessments to people they like”* serving to confound the initial premise and decision. Consequently, as recommended by Hair et al. (1998), the variable *“My work colleagues and I have respect for each other”* was excluded from the factor analysis. A second factor analysis run was performed with 21 variables. The KMO and Bartlett parameters did not change, but the total variance explained actually improved to 71.8% (see Table 5.8), still with a 5 factor solution. The first factor accounted for 20.5% of the variance; the second, 19.2%; the third, 16.6%; the fourth, 8.8%; and the fifth, 6.7%.

The decision was therefore made to accept the 5-factor solution (see Table 5.9). All factor loadings below 0.4 were suppressed in order to obtain a clean factor structure. A few of the variables cross-loaded, but theoretical predictions were used to assist in making the decision regarding the factor used to classify the variable. In all cases, factor loadings that were used for classification were above 0.5, with the exception of one variable, *“My work colleagues and I work as a team”*, whose loading on Factor 2 was 0.495. These five factors were named: Motivation System; Employee Satisfaction; Human Capital; Information Capital; and Relationship. The classification and naming of the factors is described below.

Table 5.7: Rotated component matrix (22 variables)

Rotated Component Matrix ^a					
	Component				
	1	2	3	4	5
I am aware of what the balanced scorecard is about.	.037	.089	.811	-.013	-.081
The Ministry has a mechanism to ensure employees ability to do their jobs.	.222	.136	.800	-.067	.154
The Ministry are concern about developing employees' capabilities.	.447	-.057	.594	.351	.029
The Ministry has a mechanism for current training needs.	.495	-.006	.612	.380	.079
The Ministry follows a system that enables it to determine training needs in future.	.527	.223	.576	.235	.016
The factors that limit the pressures of work are addressed.	.511	.271	.614	-.030	.087
The individuals work tasks are aligned with the Ministry's strategic objectives.	.368	.306	.484	-.104	.461
The motivation scheme in the ministry is linked with the individuals' performance	.655	.188	.409	.067	.128
Employees are involved with the Ministry's decisions.	.741	.307	.271	-.061	.046
Employees are active encouragement to be creative and use initiative.	.716	.352	.276	.166	.182
The focus of performance management in the Ministry is continuously developed.	.762	.335	.178	.066	-.021
The main objective of performance management in the Ministry is to motivate individuals.	.742	.153	.079	.162	.119
The Ministry provides their staff with the technological equipments needed to perform work tasks efficiently and effecti	.286	.185	-.084	.799	-.123
Employees have access to sufficient information to do their jobs well.	.262	.307	.232	.513	.027
The employees' satisfaction is measured in the Ministry.	.385	.701	.302	-.071	-.061
Hard work in the Ministry is recognised / rewarded.	.345	.823	.076	.102	.046
The Ministry values my contribution.	.269	.810	.083	.257	.052
The Ministry is a good employer.	.213	.763	.111	.326	.118
The ministry communicates well among employees.	.076	.640	.027	.433	.095
My work colleagues and I have respect for each other.	-.281	.336	.032	.672	.158
My work colleagues and I work as a team.	.063	.454	.313	.207	.530
Managers give the best assessments to people they like.	-.109	.022	.048	.013	-.880

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 12 iterations.

Table 5.8: Results of the extraction of the component matrix (21 variables)

Component	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.148	43.561	43.561	9.148	43.561	43.561	4.303	20.488	20.488
2	2.332	11.105	54.666	2.332	11.105	54.666	4.028	19.179	39.668
3	1.364	6.495	61.161	1.364	6.495	61.161	3.495	16.641	56.308
4	1.170	5.573	66.734	1.170	5.573	66.734	1.845	8.784	65.092
5	1.067	5.079	71.813	1.067	5.079	71.813	1.411	6.721	71.813
6	.770	3.668	75.481						
7	.664	3.163	78.644						
8	.636	3.030	81.674						
9	.607	2.893	84.567						
10	.552	2.627	87.193						
11	.451	2.146	89.339						
12	.396	1.883	91.223						
13	.355	1.691	92.914						
14	.320	1.522	94.436						
15	.244	1.160	95.596						
16	.240	1.142	96.738						
17	.177	.842	97.580						
18	.165	.786	98.366						
19	.141	.671	99.037						
20	.116	.551	99.588						
21	.086	.412	100.000						

Extraction Method: Principal Component Analysis.

Table 5.9: Rotated component matrix for managers (21 variables)

Rotated Component Matrix ^a					
	Component				
	1	2	3	4	5
I am aware of what the balanced scorecard is about.			.815		
The Ministry has a mechanism to ensure employees ability to do their jobs.			.787		
The Ministry are concern about developing employees' capabilities.			.577	.463	
The Ministry has a mechanism for current training needs.	.403		.598	.505	
The Ministry follows a system that enables it to determine training needs in future.	.516		.556		
The factors that limit the pressures of work are addressed.	.529		.609		
The individuals work tasks are aligned with the Ministry's strategic objectives.	.440		.473		.429
The motivation scheme in the ministry is linked with the individuals' performance	.685				
Employees are involved with the Ministry's decisions.	.755				
Employees are active encouragement to be creative and use initiative.	.699				
The focus of performance management in the Ministry is continuously developed.	.780				
The main objective of performance management in the Ministry is to motivate individuals.	.765				
The Ministry provides their staff with the technological equipments needed to perform work tasks efficiently and effecti				.781	
Employees have access to sufficient information to do their jobs well.		.414		.602	
The employees' satisfaction is measured in the Ministry.	.414	.663			
Hard work in the Ministry is recognised / rewarded.		.823			
The Ministry values my contribution.		.841			
The Ministry is a good employer.		.805			
The ministry communicates well among employees.		.701			
My work colleagues and I work as a team.		.495			.521
Managers give the best assessments to people they like.					-.898

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 8 iterations.

5.6.1 Interpretation of the factor analysis of managers' questionnaires and interviews with top management

This section presents an interpretation of the findings of the results produced by the factor analysis of the managers' questionnaire and the interviews with top management. Five key themes were identified from the analyses – Motivation System, Employee/Job Satisfaction, Human Capital, Information Capital and Relationships.

5.6.1.1 Factor 1 – Motivation System

Factor 1 (which accounted for 21% of the variance) was named 'Motivation Systems'. Each of the five variables that were classified within 'Motivation Systems' had high factor loadings, which is a good indicator of communality in the variables (see Table 5.10).

Table 5.10: Variables and loadings for the motivation system factor – managers

	Variable	Factor loading
8	The motivation scheme in the ministry is linked with the individuals' performance	.685
9	Employees are involved with the ministry's decisions	.755
10	Employees are actively encouraged to be creative and use initiative	.699
11	The focus of performance management in the ministry is continuously developed.	.780
12	The main objective of performance management in the ministry is to motivate individuals	.765

A reliability analysis test was carried out in SPSS to test the quality of the scale. The results showed a Cronbach alpha value of 0.90 (see Appendix C for detailed output). The scale could not be improved by deleting some variables. This indicates that the five-item scale is of exceptionally high (meritorious) quality, and hence is reliable.

The quantitative findings on motivation are to some extent supported by the top management, although there are cases where there are some contradictions. There is ample evidence from the interviews that the ministries have mechanisms that are aimed at increasing motivation for managers in particular, although the effectiveness of these motivation mechanisms is largely doubted by employees.

An important aspect of motivation is to encourage employees to be creative/innovative in the workplace. The interviews revealed similarities in the responses in some aspects of this area and differences in others. Overall, all the respondents agreed that it is important for employees to be innovative and that a system should be put in place to enable employees to present new ideas. However, not all respondents could explain why it is important to enable employees to have new ideas. For example, M1-B felt that innovation was important in order for employees to be able to comply with the regulations; however, if it is all about compliance, this seems to defeat the whole objective of innovation. On the other hand, others seemed to recognise its importance, with M3-B saying that innovation gives the organisation the opportunity to eliminate inertia and some of the 'boring work routines', while M2-A suggested that innovation would make employees feel that they are part of an effective organisation and therefore they would be likely to remain with the organisation. With regard to the measures taken

by the ministries to encourage innovation, there are some differences between the ministries. In the case of M1, the employees have to write directly to their line manager. M2 is more proactive in that there are several alternative methods for employees to suggest new ideas. These include: the open door policy whereby the employee can talk directly to the deputy minister in charge of the ministry; the use of a suggestion box that is administered by the PR department; presenting ideas at regular monthly meetings that are held with general managers; and presenting ideas through the performance appraisal process. However, in ministry M3 the performance appraisal process provides the sole opportunity for employees to suggest new ideas. Given the link between innovation and motivation, it can be argued that there is a certain, though significantly limited, degree of motivation of employees, generated by their ability to be involved in creating new innovative ideas.

One strategy that the ministries use to motivate employees is providing them with training. For example, M3-B pointed out that there are specialised training programmes for employees, which include Masters and Doctoral level training in foreign countries. There is an indirect financial benefit to the ministries as it is expected that employees' performance will improve as they obtain higher qualifications, along with the likelihood of promotion. This training opportunity, coupled with the fact that working for the public sector is effectively a 'job for life', is suggested by M3-B to be an important motivator. This view was supported by M1-A, although M1-A did acknowledge that the notion of promoting employees according to seniority or qualification could be a demotivator for some employees whose exceptional talent and performance mean that they deserve to bypass the promotion system. M1-B and M2-B further use this inflexibility as

the primary reason why some talented employees leave the government for the private sector. However, M2-A thought that, despite this inflexibility, public sector employees remained motivated, mainly by moral values. He said that many employees worked overtime without financial gain, and that this was driven by their sense of loyalty, which in itself is a great motivator.

However, while the ministries point at the motivation mechanisms presented in the previous paragraph, descriptive scores on some of the items of motivation indicate a divergence of opinions between top management and the rest of the managers. The mean scores for motivation items for managers ranged from 2.56 to 3.06 out of a range of (1 = minimum and 5 = maximum score) as shown in Table 5.4 This result means that the managers disagreed or were at best neutral on the effectiveness of motivation measures taken by the ministries. All these items were also ranked very low ranging from position 15 to 21 among the 22 items measured. The most important sources of discontent appear to be: (i) lack of employee involvement in decision making, with a mean score of 2.56, which is significantly lower than neutral (one sample t test $P=0.00$), and (ii) the lack of link between motivation schemes and the manager's individual performance ($M=2.76$). Hence, despite the managers acknowledging that the primary objective of performance management is to motivate the individual, on balance the conclusion is that the motivation schemes were ineffective.

5.6.1.2 Factor 2 – Employee Satisfaction

Factor 2, which accounted for 19% of the variance explained, was named ‘Employee Satisfaction’. It comprised 6 variables (see Table 5.11). The results show very high *team*” which had a loading of 0.495, which is, however, acceptable. Reliability analysis tests for the 6 variables produced a Cronbach’s alpha coefficient of 0.899, which is 90%. Again, this is a very high value, indicating the high quality of the scale. The scale would not be improved any further by deletion of any variable.

Table 5.11: Variables and loadings for the employee satisfaction factor - managers

	Variable	Factor loading
15	The employees’ satisfaction is measured in the ministry	.663
16	Hard work in the ministry is recognised/rewarded	.823
17	The ministry values my contribution	.841
18	The ministry is a good employer	.805
19	The communication is good among ministry’s employees	.701
21	My work colleagues and I work as a team	.495

The concept of job/employee satisfaction was identified as important by all of the top managers. For M2, for example, the guiding principle is that of justice and transparency. In essence, this means that promotion and training are based on seniority, not ability, unless an employee performs very poorly in the performance appraisal. However, managers who were surveyed using the structured questionnaire do not feel that job satisfaction is measured adequately in the ministries; this has a mean score of 2.65. There was also an inclination among managers to think that ministries do not

recognise/reward hard work ($M=2.95$). In response to these, M2 did acknowledge that the ministry does not have mechanisms for measuring job satisfaction. The rationale for this is that the principle of justice and transparency should bring about job satisfaction. M1 also does not measure job satisfaction, neither does it show how they ensure job satisfaction. M3-B highlighted that, while his ministry did not have a measure for job satisfaction, he believed that the ‘open door’ policy and a strong relationship between the supervisor and subordinate is adequate to ensure job satisfaction. Basically, M3-B believes that effective communication is the key to job satisfaction. However, the ministries were considered by managers to perform well in some areas. There was strong agreement among the managers that the ministry is a good employer ($M=3.72$) and that communication is good ($M=3.76$). Teamwork ($M=4.12$) was outstandingly strong. The overall findings are of an awareness of the importance of job satisfaction in the ministries, but there is a lack of systems in place aiming to ensure that the ministries are able to judge whether their employees are satisfied with their jobs.

5.6.1.3 Factor 3 – Human Capital

Seven items were brought together for this factor which was named ‘Human Capital’ (see Table 5.12). Values for all factor loadings were very high, ranging from 0.577 to 0.815, indicating strong communality. Reliability analysis tests for the 7 variables for ‘Human Capital’ produced a Cronbach’s alpha value of 0.894, which is effectively 90%, and is, again, in the meritorious range, indicating a reliable scale.

Table 5.12: Variables and loadings for the human capital factor – managers

	Variable	Factor loading
2	The ministry has a mechanism to ensure employees' ability to do their jobs	.815
3	The ministry is concerned about developing employees' capabilities	.787
4	The ministry has a mechanism for current training needs	.577
5	The ministry follows a system that enables it to determine training needs in future	.598
6	The factors that limit the pressures of work are addressed	.556
7	The individuals' work tasks are aligned with the ministry's strategic objectives	.609

The mean scores from the descriptive analysis ranged from neutral (lowest $M = 3.02$) to moderately high (highest = 3.74). An interesting result was that the managers were virtually evenly split on their awareness of what the BSC is about ($M=3.23$), which shows that a substantial number of managers were unaware of the BSC concept. This was despite the fact the managers recognised that the ministry was concerned about developing employees' capabilities and had mechanisms for training.

An important aspect of human capital is how it is primarily developed through policy. The high scores provided by managers were largely consistent with the views of the top managers who were interviewed. Top management was asked about the role of the three ministries in the development of HR policy. M1-A said that M2 had the primary responsibility for setting up all public sector employment regulations, i.e. recruitment,

promotion and training. He felt that M3 has no influence on the development of HR policy. M1-B had similar views. M2-B felt that M1 had a huge influence on HRD policy. M1-A supported this view, and both concurred that M3 had no influence. Furthermore, both respondents from M3 felt that both M1 and M2 had a significant influence on HRD.

Specific to recruitment, human capital development is related to how the ministries recruit employees. Here the findings were quite different. M2-A said that the ministry did not have a clear recruitment policy, but focused only on maintaining existing competences. This was supported by M2-B who felt that supply outstripped demand, and hence the ministry focused on keeping the employees that they have, rather than recruiting new employees. However, M1, which is a relatively large ministry, advertises all new posts, first in the ministry and then externally. M3-A said that recruitment was the responsibility of M2. All M3 did was advise M2 which positions were vacant. This finding is interesting in that the line managers in M2 have no influence over who is employed to work under them.

To conclude on the area of human capital, while ministries have the training mechanisms to develop the managers' capabilities, primarily through training, there are concerns over the ministries' inability to limit the pressure of work, and more importantly, the fact that about half of the managers do not grasp the concept of the BSC, let alone the LGP.

5.6.1.4 Factor 4 – Information Capital

Factor 4, Information Capital, consisted of 2 variables, *“The ministry provides their staff with the technological equipment needed to perform work tasks efficiently and effectively”* with factor loading of 0.781 and mean of 4.25, and the variable, *“Employees have access to sufficient information to do their jobs well”*, whose factor loading was 0.600 and mean 3.92. Both loadings indicate very good fits. The Cronbach’s alpha coefficient for the 2 variables was 0.62, which is 62%. This value lies just within the acceptable range, which is quite good given that there are only two variables. This result shows that the ministry’s communication strategy is highly effective.

5.6.1.5 Factor 5 – Relationship

This factor had one variable, *“Managers give best assessments to people the like”*, with a single-item scale, whose factor loading was -0.898, which was the highest of all the loadings. This indicates a very strong variance explained with regard to the rest of the variables. However, an important consideration is the negative sign. This indicates that, when considered together with the other four factors, this factor has an inverse relationship to the rest. This is not surprising given the fact that bias is a negative outcome, while the rest of the factors are positive. The surprising thing is that the issue of favouritism or relationship did not emerge during interviews with top management, indicating that they (top management) may be oblivious to this important problem.

This study identified ‘Relationship’ as an entirely new conceptual dimension, although the effectiveness of ‘Relationship’ as a measurement tool is not as great as that of other

dimensions. This is because 'Relationship' was captured using a single statement. However, the importance of this dimension cannot be ignored. This research recognises that a lower overall variance of the 'Relationship' factor was explained, meaning that it is failing to have a high level of data capture. A possible explanation for this is that some items may have been omitted in the design of the questionnaire, which was kept short in order to illicit responses and increase their quality. It is important, however, for managers to consider both the measure and the content of this important dimension.

5.6.1.6 Summated rating scale for managers

The variables for each factor were then combined to create a new variable. Rather than aggregating the scales, a mean was produced for each new variable. The advantage of using the mean is that the new scale will range from 1 to 5 as in the initial variables, making interpretation and comparison more straightforward and contextual. These 5 new variables (or constructs/dimensions) can be used for any further analyses; the mean scores ranged between 2.87 to 4.08 (see Table 5.13). The high standard deviation in 'Relationship' and the 'Motivation Systems' indicates a wider range of views, which implies very strong opinions both for and against, and fewer neutrals. One sample t-test (test value =3) showed that the managers tended to be neutral on 'Motivation Systems' ($P=0.155$), but had similarly strong views for the rest of the variables ($P=0.000$).

Table 5.13: Descriptive scores for the new variables – managers

Variable	Mean	Standard Deviation	One sample t-test p value
Motivation Systems	2.87	.950	.155
Employee Satisfaction	3.41	.833	.000
Human Capital	3.38	.813	.000
Information Capital	4.08	.665	.000
Relationship	3.70	1.163	.000

5.7 Factor analysis results for employees

This section presents the results of the factor analysis of employees. The factor analysis was repeated using employees' data. All 22 variables were included. The principal component analysis was carried out using Varimax rotation. The KMO test for sampling adequacy produced a very high value (0.933), while the Bartlett test for sphericity was also highly significant ($P=0.000$). This means that the data fits the model, and hence the results can be interpreted with confidence. The rotated factor matrix analysis of employees' data yielded four factors using both the analysis of variance explained and the scree plot (see Table 5.14).

Table 5.14: Rotated component factor matrix for employees

Rotated Component Matrix ^a				
	Component			
	1	2	3	4
I am aware of what the balanced scorecard is about.	.626	-.093	.081	.020
The Ministry has a mechanism to ensure employees ability to do their jobs.	.731	.143	.095	.101
The Ministry are concern about developing employees' capabilities.	.737	.292	.049	.284
The Ministry has a mechanism for current training needs.	.721	.302	.010	.272
The Ministry follows a system that enables it to determine training needs in future.	.735	.349	-.001	.251
The factors that limit the pressures of work are addressed.	.719	.264	.165	.039
The individuals work tasks are aligned with the Ministry's strategic objectives.	.613	.243	.263	.250
The motivation scheme in the ministry is linked with the individuals' performance.	.575	.527	.156	-.255
Employees are involved with the Ministry's decisions.	.674	.278	.244	-.050
Employees are active encouragement to be creative and use initiative.	.639	.495	.233	.096
The focus of performance management in the Ministry is continuously developed.	.699	.349	.236	.058
The main objective of performance management in the Ministry is to motivate individuals.	.584	.361	.132	.175
The Ministry provides their staff with the technological equipments needed to perform work tasks efficiently and effecti	.019	.749	.125	.328
Employees have access to sufficient information to do their jobs well.	.319	.590	.288	.321
The employees' satisfaction is measured in the Ministry.	.592	.554	-.053	-.135
Hard work in the Ministry is recognised / rewarded.	.606	.627	.104	-.061
The Ministry values my contribution.	.455	.680	.202	-.059
The Ministry is a good employer.	.289	.619	.364	.131
The communications is good among ministry's employees.	.296	.240	.640	.131
My work colleagues and I have respect for each other.	-.061	.123	.815	-.059
My work colleagues and I work as a team.	.195	.092	.799	.081
Managers give the best assessments to people they like.	-.184	-.101	-.062	-.736

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 8 iterations.

The four factors identified as the underlying dimensions were named: 'Human Capital'; 'Information Capital'; 'Employee Satisfaction'; and 'Relationship'. The first factor,

‘Human Capital’, accounted for 30.5% of the variance; the second factor, ‘Information Capital’, accounted for 17.5%; the third factor, ‘Employees’ Satisfaction’, accounted for 10.6%; and the final factor, ‘Relationship’, accounted for 5.6%. The naming for the factors and the development of reliability analysis tests are presented below.

Table 5.15: Rotated component matrix for managers (22 variables)

Rotated Component Matrix ^a				
	Component			
	1	2	3	4
I am aware of what the balanced scorecard is about.	.626			
The Ministry has a mechanism to ensure employees ability to do their jobs.	.731			
The Ministry are concern about developing employees' capabilities.	.737			
The Ministry has a mechanism for current training needs.	.721			
The Ministry follows a system that enables it to determine training needs in future.	.735			
The factors that limit the pressures of work are addressed.	.719			
The individuals work tasks are aligned with the Ministry's strategic objectives.	.613			
The motivation scheme in the ministry is linked with the individuals' performance.	.575	.527		
Employees are involved with the Ministry's decisions.	.674			
Employees are active encouragement to be creative and use initiative.	.639	.495		
The focus of performance management in the Ministry is continuously developed.	.699			
The main objective of performance management in the Ministry is to motivate individuals.	.584			
The Ministry provides their staff with the technological equipments needed to perform work tasks efficiently and effecti		.749		
Employees have access to sufficient information to do their jobs well.		.590		
The employees' satisfaction is measured in the Ministry.	.592	.554		
Hard work in the Ministry is recognised / rewarded.	.606	.627		
The Ministry values my contribution.	.455	.680		
The Ministry is a good employer.		.619		
The communications is good among ministry's employees.			.640	
My work colleagues and I have respect for each other.			.815	
My work colleagues and I work as a team.			.799	
Managers give the best assessments to people they like.				-.736

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 8 iterations.

5.7.1 Interpretation of employees' factor analysis results

This section presents the interpretation of the results of the factor analysis and descriptive analysis of the employee questionnaire. For clarity of presentation, the views of top management are mostly not included here as they have already been incorporated in the findings for managers. Four themes, Human Capital, .Employee/Job Satisfaction, Information Capital and Relations, were identified.

5.7.1.1 Factor 1 – Human Capital

A total of 11 variables formed the employees' 'Human Capital' factor, with factor loadings ranging from 0.575 to 0.737, which is very strong (see Table 5.16). The reliability analysis test produced a Cronbach's alpha coefficient of 0.93, which is extremely high. This means that the scale is highly reliable.

Table 5.16: Variables and loadings for the ‘Human Capital’ factor - employees

	Variable	Factor loading
1	I am aware of what the balanced scorecard is about	.626
2	The ministry has a mechanism to ensure employees’ ability to do their jobs	.731
3	The ministry is concerned about developing employees’ capabilities	.737
4	The ministry has a mechanism for current training needs	.721
5	The ministry follows a system that enables it to determine training needs in future	.735
6	The factors that limit the pressures of work are addressed	.719
7	The individuals’ work tasks are aligned with the ministry’s strategic objectives	.613
9	Employees are involved with the ministry’s decisions	.674
11	The focus of performance management in the ministry is continuously developed	..699
12	The main objective of performance management in the ministry is to motivate individuals	.584
15	The employees’ satisfaction is measured in the ministry	.592

Descriptive results show that, on average, the employees either disagreed or were at best neutral to most of the variables, with scores ranging from 2.41 to 3.19. However, most of the variables had mean scores of less than 3.0. The results very strongly mirror those of managers. The most disappointing variable for employees was ‘*Employees are involved with the ministry’s decisions*’ with a mean score of 2.41. This is very strong evidence showing that the ministry does not involve employees in decision making. Indeed, this item received the lowest ranking with position 22 out of 22 variables. Like managers, the employees also felt that (i) satisfaction was not measured in the ministry

(M=2.62), and (ii) the ministry was not addressing issues related to pressure of work (M=2.82). Dissatisfaction with the lack of measurement of job satisfaction was the second lowest ranked variable. Another interesting result was that the mean score for employees' awareness of the BSC was only 2.91, which is really low given the situation. To summarise, the important issues are the lack of involvement and of measurement of satisfaction.

While the factor analysis identified HC as a major dimension, its application in the Saudi ministries appears to highlight some important weaknesses among top management. The interviews revealed some level of 'confusion' at this level. There was significant ambiguity regarding who does what in HR policy development and in HR activities such as recruitment. The boundaries of responsibility between the ministries appeared to be blurred, resulting in some level of misunderstanding regarding the responsibilities and roles of HC development within the ministries. Such weaknesses will compromise the effectiveness of HC development and this, in turn, could further compromise the implementation of the LGP. It can therefore be argued that, while both Saudi ministry managers and employees understand the HC dimension of the LGP, its implementation could actually be compromised by top management, who appear to be less clear about certain aspects of HR policy and HC development as is revealed by the interviews.

The study concludes that the ministries are failing to identify a few critical aspects of HC that require attention in order that the greatest impact may be achieved when it comes to the implementation of the BSC. As revealed by the interviews, most of the HC problems apparently revolve around the issue of ambiguity regarding responsibilities,

particularly in relation to ministries M1 and M2. These weaknesses, although not found to be very detrimental, could increase, and hence have to be resolved in order to ensure effectiveness.

5.7.1.2 Factor 2 - Information Capital

The ‘Information Capital’ factor was made up of 7 factors whose factor loadings ranged from 0.527 to 0.749, which is relatively strong (see Table 5.17). The reliability analysis test produced a Cronbach’s alpha value of 0.89, which is extremely high, thereby giving strong indication of a highly reliable scale.

Table 5.17: Variables and loadings for the ‘Information Capital’ factor – employees

	Variable	Factor loading
8	The motivation scheme in the ministry is linked with the individuals’ performance	.527
10	Employees are actively encouraged to be creative and use initiative	.495
13	The ministry provides their staff with the technological equipment needed to perform work tasks efficiently and effectively	.749
14	Employees have access to sufficient information to do their jobs well	.590
16	Hard work in the ministry is recognised/rewarded	.627
17	The ministry values my contribution	.680
18	The ministry is a good employer	.619

On average, this dimension has more positive items than negative ones, with more mean scores being above 3.0. However, there are a couple of important variables that do not score well: (i) employees do not feel that the ministry actively encourages them to be

creative and use their initiative ($M=2.69$), (ii) and there is a poor link between the motivation scheme and the individual's performance ($M=2.70$). This is despite the findings from the interviews with top management, who pointed out at the existence of schemes aimed at promoting creativity and innovation, and also the motivation scheme. There is also a significant proportion that feel that their work is not recognised ($M=2.77$). On the more positive side, the ministry scores highly on provision of technological equipment, provision of information and as being generally considered to be a good employer. These results are a mirror image of the findings from the managers.

5.7.1.3 Factor 3 – Employee Satisfaction

The 'Employee Satisfaction' factor comprised 3 variables. The factor loadings were all very high, ranging from 0.640 to 0.815 (Table 5.18). The Cronbach's alpha coefficient for this scale was 0.69, which is slightly lower than the recommended 0.7, but well within the 'acceptable' range.

Table 5.18: Variables and loadings for the 'Employee Satisfaction' factor - employees

	Variable	Factor loading
19	The communication is good among the ministry's employees	.640
20	My work colleagues and I have respect for each other	.815
21	My work colleagues and I work as a team	.799

The descriptive scores were quite high, indicating that the employees are, on average, very satisfied with their work. Again, this was consistent with the findings from managers.

Given the already established positive correlation between satisfaction and performance (Armstrong, 2009), there is a higher likelihood that this aspect of the LGP will contribute positively to there being partially successful implementation of the BSC. This conclusion is also supported by the interview findings. Despite the fact that none of the Saudi ministries examined in the study measure employee job satisfaction, some of the ministries have measures in place that are aimed at monitoring employee job satisfaction. For example, a ministry M3 HR professional said, *“We do not have a measurement for job satisfaction. However, we rely on the Open Door Policy and the manager assesses the satisfaction of his subordinates by talking directly to them.”* The ministry also uses periodic meetings as a means of direct encouragement. However, the way the other two ministries deal with ES is likely to cause some problems. For example, ministry M2’s focus on justice could be counterproductive. The comment by the CEO that, *‘We do not have any employees who may get promotion before another, or an employee who may undertake a training course which is deserved by another colleague and so forth’*, could actually hold back a junior employee who deserves promotion because he/she is performing better than someone with a longer service record.

The identification of the satisfaction variable in this study does give some clear indication that, while employees may be unhappy with some aspects of the performance appraisal as mentioned in the PM findings, the ministries are performing well in other aspects, which is why employees are, on balance, reasonably satisfied. The results from the interviews tend to support this. In spite of the weaknesses of PA systems and the lack of any formal measurement of performance in the ministries, the primary reasons

for the net overall satisfaction appear to be explained by the findings of the interviews, in which the concepts of transparency and justice provide the basis of promotion or training in the ministries.

In the case of human capital (HC) it is quite clear that the employer or ministry has put effective mechanisms in place, as HC is the most influential factor (it explained 30.5% of the variance) for Saudi ministry employees, and a relatively strong factor (a close third) in the case of Saudi ministry managers, where it explained 16.6%. This therefore supports the notion that the ministry has HC systems in place. It can therefore be argued that the Saudi ministry systems possess key elements which relate to HC which include such elements as employee skills, talent and knowledge. One can therefore assume that the fact that respondents clearly understood the concept should indicate that the ministry has an HC system with a clear personnel development plan and training needs assessment, as is recommended by Kaplan and Norton (2004).

However, in terms of preparedness, the evidence indicated HC had the lowest scores among both Saudi ministry managers and employees. In spite of this, it should be borne in mind that the fact that the difference between the managers and the employees was significant indicates differences in the level of understanding of managers and employees, with employees showing a lower level of understanding. These low scores imply that it is probable that the ministry is inadequately prepared in some aspects of HC, for example there is no clear career development plan, there are inadequacies in training, and there is a failure to pinpoint the set of specific competences that are needed

to perform the strategic performance job, which thereby creates a competence gap (Kaplan & Norton, 2004).

5.7.1.4 Factor 4 – Relationship

This was a single variable scale, with a high factor loading of -0.736, which is very strong. The negative sign indicates inverse relationships with the rest of the three factors. The descriptive mean score was a moderately high 3.64, which shows that on balance, employees feel that there is bias. The interpretation of the Relationship dimension is the same given for managers described earlier. It is likely that this issue was under-represented in the questionnaire, although it is now recognised that it is important.

5.7.2 Summated rating scale for employees

A summated rating scale was developed based on the mean values for all items in each dimension. The mean scores ranged from 2.91 to 3.93, with 'Human Capital' having the lowest mean, and 'Employee Satisfaction' the highest (see Table 5.19). The high standard deviation of 1.163 for 'Relationship' indicates a wider variability of views among employees. One sample t-test shows that employees appeared to be generally neutral on 'Human Capital' ($p=0.099$) and 'Information Capital' ($p=0.078$). However, employees have conclusive views regarding 'Employee Satisfaction' and 'Relationship'.

Table 5.19: Descriptive scores for the new variables – employees

Variable	Mean	Standard Deviation	One sample t-test p value
Human Capital	2.91	.830	.099
Information Capital	3.10	.886	.078
Employee Satisfaction	3.93	.716	.000
Relationship	3.64	1.163	.000

5.8 Comparative analysis – managers versus employees

A comparative analysis was performed to determine whether there were any differences between managers and employees regarding the factors that were common to them, namely ‘Employee Satisfaction’, ‘Human Capital’, ‘Information Capital’ and ‘Relationship’. Table 5.20 shows the descriptive scores for managers and employees, and Table 5.21 shows the results of the independent sample t-test for employees and managers.

Table 5.20: Descriptive scores for managers and employees (new variables)

Dimension	Position	N	Mean	Standard Deviation
Employee Satisfaction	Managers	120	3.41	.833
	Employees	236	3.93	.716
Human Capital	Managers	120	3.38	.813
	Employees	236	2.91	.830
Information Capital	Managers	120	4.08	.665
	Employees	236	3.10	.886
Relationship	Managers	120	3.70	1.163
	Employees	236	3.64	1.163

Table 5.21: Independent sample t-test for managers and employees (new variables)

Variable	Mean Difference	Sig (2 tail) p value
Human Capital	-.519	.000
Information Capital	.471	.000
Employee Satisfaction	.981	.000
Relationship	.056	.668

The results of the independent two sample t-tests imply that the perceptions of managers did not differ from those of the employees on the variable, 'Relationship', with both strongly of the opinion that managers tend to favour some employees when they assess them, as shown by the mean score of 3.6, which was also significantly higher than the neutral score of 3.0 ($p < 0.05$, one sample t-test). However, significant differences between managers and employees emerged in the other three variables ($p < 0.001$ in all three variables). In the case of 'Employee Satisfaction', employees were more satisfied than managers ($M=3.9$ and $M=3.4$ respectively). The situation is reversed for 'Human Capital', where employees have lower scores than managers ($M=2.9$ and $M= 3.4$ respectively); similarly, for 'Information Capital', managers had a much higher score than employees ($M=4.1$ and $M= 3.1$ respectively).

The Employee Satisfaction dimension had high satisfaction scores implying that this LGP dimension is likely to support the successful implementation of the BSC. Despite the high scores among both managers and employees, when the two were compared, employees exhibited lower levels of understanding in relation to the BSC. In addition, employees were virtually evenly split (one sample t test > 0.05) on Human Capital and

Information Capital. This implies that these two LGP dimensions could act as barriers to the implementation of the BSC. On the more positive side, the fact that these dimensions are statistically insignificant (these variables would be significant at the 10% level) means that only a little work needs to be done to prepare the employees.

With regards to Information Capital, the fact that the Saudi ministry managers' score is significantly higher than that of the Saudi ministry employees is a clear indication of asymmetry between managers and employees. Again, employees seem to have an unclear and indecisive perception regarding whether their ministry is more or less ready because their score is neutral when measured by one sample t test. Managers, on the other hand, have a more positive perception of whether the ministry is ready. This indicates that managers are confident that their ministry has senior people with a clear grasp of the planning required and the ability to set priorities and to manage the information portfolio that supports the ministry's strategy.

Although this Information Capital dimension was not picked up at all during the interviews with top management, the evidence from the quantitative analysis suggests that senior management in the ministries do have a clear grasp of the planning required, and are able to set priorities and manage information to support the strategy as suggested by (Kaplan & Norton 1992). One would therefore assume that each ministry would have someone who could act as a chief information officer, who, for example, would lead the initiatives aimed at identifying the capital requirements for the internal processes that have been identified as being critical.

With regards to the Relationship dimension, it is clear from this study that both managers and employees feel that the Saudi ministries they work for are not ready to properly implement the BSC due to the issue of favouritism not being addressed to their satisfaction. This is despite the fact that some of the managers recognise this weakness, as reflected by the following comment during the interview with the HR Manager of ministry M3. The HR Manager said, *“The only method available to us is the direct manager’s annual appraisal issued for his subordinates, which is, to a large extent, unreliable, as mentioned previously.”* This was also despite the fact that all the CEOs and HR managers who were interviewed recognised the link between performance appraisals and strategic objectives. There is strong evidence from this study which leads to the conclusion that bias on the part of assessors could act as a demotivating factor as shown by the high mean scores for managers being biased towards people they like.

In terms of the Motivation, dimension, the finding from this study that employees did not identify this dimension shows some inadequacy in the understanding of the dimension among certain employees. Proceeding with the implementation of the BSC without all employees fully understanding this dimension could lead to failure. This problem is compounded by inconsistencies in how motivation is encouraged by top management. Research has shown a strong link between motivation and innovation. Given the link between motivation and innovation, inconsistencies in how motivation is supported will inhibit this innovation and also have a negative impact on performance. The ministries’ silence and inactivity in connection with this issue, particularly with regard to ministry M1 for example, raises even more causes for concern as it appears that there is no policy or direction in relation to this issue. It is therefore important for

the ministries to consider the items used for measuring motivation that have been identified in this study in order to draw up a programme for motivating employees.

The overall conclusion to be drawn here is that there were some important differences in how managers and employees perceived the ministries' preparedness for the LGP.

Overall, the readiness for the implementation of the LGP in the Saudi public sector was investigated indirectly through the BSC, which, it is expected, is the more familiar term among executives. The findings presented varying levels of understanding of the BSC. Both M1-A and M1-B did not fully comprehend the notion of the BSC, even less so that of the LGP. This has significant implications, given that the ministries are inextricably linked to each other with regard to funding, planning and HRM policy formulation, and even recruitment. The same applies in M2 where both respondents (M2-A and M2-B) did not show any understanding of the BSC and the LGP concepts. Respondent M3-B did not understand the concept either. Only respondent (M3-A) had a good grasp of the notion of the LGP. More significant was that, besides being knowledgeable about the LGP, he was also very enthusiastic about the BSC being implemented in the ministry.

5.9. LGP summary

To summarise in relation to the LGP, for top management, interviews revealed that with regards to the LGP, all ministries are aware of the importance of job satisfaction, but they do not have effective mechanisms for measuring the extent to which employees are satisfied with their jobs. Some form of job satisfaction is measured indirectly through

the performance appraisal. The respondents are in total agreement on issues relating to motivation; they all recognise that motivation is important, but consider that their most important 'weapon' is providing employees with training, and its indirect financial benefits. They all recognise the problems associated with inflexible promotion systems that are based on seniority. There are variations in the way in which this motivation is encouraged. Some ministries encourage direct contact with top management through the 'open door policy', some use mechanisms such as suggestion boxes supervised by PR, while others tend to use indirect methods, typically via performance appraisal. The impact of HRD policy on the LGP appears to be influenced largely by two ministries, namely, M1 and M2. Finally, it was clear that only the CEO of M3 clearly understood the notion of the LGP and was keen on its implementation. The other respondents showed an alarmingly large gap in their knowledge regarding the LGP. These findings have an impact on the successful implementation of the LGP.

The study identified the five conceptual LGP dimensions for all respondents, motivation, employee satisfaction, human capital, information capital and relationships. These were found to be fundamental to the understanding of the LGP. However, in this study Motivation System (MS) was a dimension that only appeared in the managers' dataset. It was ranked top in influence, explaining 20.5% of the variance. Lack of motivation was confirmed among employees, where the employees did not identify Motivation System as one of the dimensions of the LGP. The result means that there is a link between a ministry's motivation system and the performance of its managers. The Saudi ministries in the study are also likely to involve employees in some decision making, given the usual limitations of the civil service. One could also suggest that the ministries should

encourage its employees both to be creative and to take initiative, while at the same time continuously developing their performance management systems. More importantly, the ministries seem to be successfully demonstrating to their managers that the main objective of performance management is to motivate them.

Finally, in attempting to assess the readiness of the Saudi public sector for the implementation of the LGP, the study identified the underlying conceptual dimensions of the LGP among all respondents, top management, managers in general and employees. Four dimensions were common to managers and employees, namely 'Human Capital', 'Information Capital', 'Employee Satisfaction' and 'Relationships' (managerial bias), with managers having the additional dimension of 'Motivation Systems'. The study showed that managers were neutral regarding the existence and effectiveness of motivation systems. On the other hand, both employees and managers believe that some employees are favoured in appraisals. This defeats the purpose of an appraisal system which is supposed to objectively assess the strengths, weaknesses, and learning needs of employees. In other factors, namely; 'Human Capital', 'Information Capital', and 'Employee Satisfaction', both managers and employees had different opinions. Managers were comparatively more optimistic than employees regarding the readiness of the Saudi public sector for implementation of the LGP.

5.10 Chapter Summary

This chapter presented the results of the analysis and interpretation of the interviews and the structured questionnaire which were aimed at creating an understanding, with

reference to the BSC focusing on PMS and the LGP. With regards to the performance management system, the first major theme was: *‘Understanding the current performance management system in the Saudi public sector from employees’ and managers’ perspectives’*; here the analysis of the data identified five subthemes. These themes were: (i) Levels of knowledge regarding the overarching strategy of the ministry (ii) The link between strategic objectives and employee objectives and performance, (iii) The effectiveness of HR strategy in support of the organisation’s objectives, (iv) The application of performance management, and (v) The perceived impact of performance management on performance and relationships between managers and employees.

On balance, the results showed that the current PMS operating in the Saudi public sector is not utilised efficiently or effectively because of weakness or inadequacy in SHRD. This can lead to misalignment between the ministries’ strategic objectives, the current PMS and individual employee’s performance. This study’s research also found that, despite systems being put in place to promote innovation, there is a lack of innovation, and this is likely to have a significant negative effect on LGP implementation. In addition, although the respondents understood some of the current performance management, there was still a limited understanding of the system as a whole, particularly among employees. In the vast majority of cases the managers showed a better level of understanding than employees. However, the relationship between managers and employees appeared to be, on the whole, strong.

The second major theme was: *‘Understanding how the managers and employees perceive the performance management system’*. This theme was explained by four

subthemes, namely (i) The contribution/usefulness of the performance management to managers and employees, (ii) The effectiveness of PMS, (iii) Obstacles to the Effectiveness of PMS, and (iv) The effectiveness of the performance appraisal scheme. The research found that there was unanimous agreement between managers and employees that the current PMS was not working well and needed change. Additionally, although performance appraisal is the most critical PMS element, it was found that neither managers nor employees had total faith in the current performance appraisal systems applied in their ministries.

The results of the interviews with top management regarding the LGP provided some important findings. For example, while all the top managers were aware that job satisfaction was important, no ministry had systems in place to measure the level of employee job satisfaction. The top managers also understood the notion of motivation, but the primary motivator was the opportunity to train, mostly on long term courses such as postgraduate degrees. Promotion was based on seniority. However, this is likely to frustrate junior, ambitious and more capable employees. Policies to encourage creativity and innovation were in place, but they did not seem to work effectively as no evidence of creativity among junior employees was found. Another important issue identified was the development of HR policy, which seemed to be split between two ministries. This seems to cause confusion, particularly with regard to recruitment. Finally, the interviews revealed that the majority of top management did not fully comprehend the notion of the LGP, with some not even being aware of it.

The chapter also presented the results of the factor analysis of the LGP in which the underlying conceptual dimensions of the LGP were identified. Five dimensions were identified for managers, while four were identified for employees. The four dimensions common to managers and employees were: 'Human Capital'; 'Information Capital'; 'Employee Satisfaction'; and 'Relationships' (managerial bias) whilst managers had an additional dimension, namely, 'Motivation Systems'. The findings were supported by interviews from top management. The difference in the number of dimensions between managers and employees indicates the existence of slight differences in the way managers and employees conceptualise some aspects of the LGP. The next chapter critically discusses these findings in relation to the literature.

CHAPTER SIX: DISCUSSION OF FINDINGS

6.1 Introduction

This chapter discusses the main findings from the previous chapter in light of the research objectives and with reference to data from the literature review. The primary aim of this study is to examine the readiness for the implementation of the learning and growth perspective (LGP) of the BSC in the Saudi Arabian public sector in order to develop a comprehensive and holistic understanding of the current performance management system in the Saudi Arabian public sector from an SHRD point of view; Of the four objectives of this study, the three of them relate to this chapter, and these are restated below:

- 1.To establish Saudi Arabia's public sector managers' and employees' understanding of performance management systems within the context of SHRD.
- 2.To understand how performance management is experienced and perceived by Saudi Arabian public sector managers and employees;
- 3.To assess the readiness of the Saudi Arabian public sector for the implementation of the learning and growth perspective in the context of the current performance management system.

Addressing the first three objectives is the core of this chapter, while the fourth objective will be addressed more fully in the next chapter. The discussion begins by considering issues relating to the understanding of the current performance

management system in the Saudi Arabian public sector. This is followed by a discussion of what the respondents understand to be the meaning of performance management, and then by a more detailed discussion regarding the ways in which managers, HR professionals and other employees in the Saudi public sector perceive the way the elements (particularly measurement) of the LGP reflect their readiness to implement the BSC. Informed by the specifics of the Saudi cultural and public sector contexts, and carrying out a comparison to other cultural and institutional settings, the chapter concludes with an assessment of the likelihood of the success or failure of the implementation of the LGP.

6.2 Understanding the Current Performance Management System in the Saudi Arabian Public Sector from the SHRD perspective

The first objective is: *To establish Saudi Arabia's public sector managers' and employees' understanding of performance management systems within the context of SHRD.* This objective was investigated through a critical evaluation of the existing literature, the results of a quantitative analysis obtained via the questionnaire survey collected from three ministries in the Saudi public sector, and interviews with CEOs and HR managers within the relevant ministries. This area was the subject of the second parts of the questionnaire survey and of the interviews and followed the demographic questions and sought to gain an understanding of the current performance management system in the Saudi public sector. This subject is important because the BSC has yet to be implemented in the Saudi public sector, and

an extensive search of the extant academic literature, together with enquiries within Saudi ministries, have not revealed the existence of any previous study empirically examining the readiness of the Saudi Arabian public sector to implement the BSC, or the LGP specifically. Whilst there have been studies on PMS in KSA, these studies have focused on leadership styles (LS) and organisational learning (OL) (Nafei et al., 2012), human capital utilisation (Al-Yahya, 2010), and organisational justice (Elamin & Alomaim, 2011). Moreover, all of these studies focused on PM in private sector organisations. Although Alharbi's (2009) study of performance measurement and TQM was located in the Saudi public sector (Saudi universities), and involved modifying the BSC, this was in relation to customer relationship management (CRM) rather than performance management. Added to this, the modified BSC/CRM model which Alharbi (2009) proposes does not contain the LGP within its three perspectives. The literature review revealed the same pattern in other Arabian Gulf Peninsula states, with most PM studies focusing on the private sector, and none focusing on the LGP, although Jumani's (2007) study of the attitudes of Bahraini companies to the use of the BSC did find that managers viewed the BSC as a means of extending their employees' knowledge. This, however, was not considered to be among the most important BSC benefits according to Bahraini managers, and the LGP was not identified in the research as an important factor. Indeed there is a dearth of empirical studies regarding PM in the Saudi public sector in general, and regarding the LGP in the KSA, in spite of PMSs being implemented in many organisations in KSA and the Gulf Peninsular. Although PM has come to the fore during the era of globalisation and during the emergence and spread of the knowledge economy in its

present global scale, merely having a PMS is no guarantee of enhanced organisational performance, much less of superior performance. Indeed, Smith (2005) contends that the BSC has a failure rate of approximately 70%.

The findings of this study identified five subthemes which were used to determine the level of understanding of PMS by executive management, management and employees. The first of these subthemes is levels of knowledge regarding the overarching strategy of the ministry. It is clear that there is a general consensus regarding who sets the overarching strategy, but the understanding of this strategy was found to differ across the board. The second subtheme identified a link between strategic objectives, and employee objectives and performance. On balance, respondents understood the importance of there being a link between strategic objectives and employee performance. However, understanding is mixed as to the actual effectiveness of that link, leading to a finding regarding inadequacies in SHRD. The third subtheme centred on the effectiveness of HR strategy in support of the organisation's objectives. There was a general consensus that the training and development of employees was the most important HR strategy and performance management tool, and this generally was in line with the objectives of the ministry. In addition, the ministries were given credit for training and developing employees. However, there were comments (particularly from executive management) on the ineffectiveness of PMS in the Saudi public sector, and also some evidence of negative attitudes from managers and even more from employees on the effectiveness of the training provided. The fourth subtheme was about the application of performance

management. The study found that the application of performance management risked being compromised due to differences between employees and managers in their levels of understanding of the principles of performance management. Risk also emanated from a lack of empowerment to effectively apply PM. The primary causes were identified as inadequate training and lack of authority in relation to PM, particularly in reference to the ability of employees to set their own work objectives, which is crucial to successful PM. The final subtheme related to the perceived impact of performance management on performance and relationships between managers and employees. Respondents agreed that the performance management process itself was effective on the whole, although managers held stronger beliefs regarding this than employees. However managers and employees were in tandem on the fact that PM has a positive impact on the relationship between them.

The results of this study's empirical investigation support the contention of the BSC's originators (Kaplan & Norton 1992; 1996a) and the findings from the literature (Becker et al., 2011) that the existence of a clear mission, vision, and strategy are key success factors in any PMS. This is particularly the case in not-for-profit organisations, such as public sector ministries, that are not primarily focused on generating shareholder profit (Sharma & Gadenne, 2011). Furthermore, the alignment of a PMS with the organisation, its mission, vision and strategy is more likely to lead to success in enhancing individuals' performance than if there are incongruities between the PMS and the corporate purpose. Wright (2007) stated that performance management is positively influenced by the relationship between organisational

mission and employee motivation. Since human resources form a key part of any PMS, the overall performance of an organisation depends upon the effectiveness and efficiency of the employees. This view is reinforced by Al-Yahya (2010) who added that consistency must exist between the employee's competence, the organisation's culture, and the employee's job description. While some approaches to PMSs do not consider the strength of the alignment between an organisation's mission, its strategy, employee competence, and employee motivation, the learning and growth perspective in the BSC takes into account the concept that corporate strategy can be shaped and influenced by a learning culture created through SHRD (McCracken & Wallace, 2000).

This is particularly significant in public sector organisations where the focus is not on securing shareholder value through improved profits but rather on organisational mission and ethos, and meeting the needs of constituencies (Kaplan, 2001; Flak & Dertz, 2005; Armstrong, 2009). In this regard, there are two observations that must be made. Firstly, during the interviews the researcher asked the top management of 'executives', comprising CEOs and HR professionals, to explain their ministry's strategy. Some of the CEOs seemed to be more confident when talking about their ministry's strategy, but this was not the case with the HR professionals who tended to talk about the strategy of their departments rather than the ministry's overall strategy. Other CEOs did not mention the term 'BSC'.

The existence of seemingly different levels of understanding of the ministry's PMS runs counter to Kaplan and Norton's (1992) assertion that top managers should be supporting the process and ensuring that it is clearly and comprehensively communicated across their organisations. Throughout the literature on PMSs, the BSC, the LGP and SHRD, the importance of top management taking responsibility for PM and disseminating information about the particulars of the organisational approach is repeatedly highlighted. Niven (2008) emphasised the importance of communicating the goals and performance drivers of the organisation to employees and other stakeholders. The findings highlight that there is a lack of upward and downward communication in Saudi public sector organisations, which is one of the most significant reasons for there being an ineffective performance management system. In light of the importance of top management's knowledge and ownership of the PMS, and the findings on the varied levels of knowledge among top management regarding their ministry's PMS, it appears that the current performance management system in the Saudi Arabian public sector is weak, that there is inadequate integration of the system with SHRD and there is a lack of awareness regarding core strategies of the organisations among the key HRM professionals. The literature on the BSC does not suggest one particular way of implementing the BSC. But an understanding and awareness of the elements of the BSC is crucial. Evidence from the literature (Papalexandris et al., 2004) suggests that implementing the BSC is likely to succeed if managers are competent enough to be critical of the BSC and are in a position to challenge its validity. However, given the findings of this study in which the managers and employees, and even more importantly most of the executive

management, lack an understanding of the BSC, it can be concluded that the ministries are effectively not prepared for the implementation of the BSC. The empirical literature also suggests that, for BSC implementation to succeed, executive management must participate (Lueg & Vu, 2015). However, the participation of executive management is likely to be ineffective because they are both unaware of BSC introduction and do not fully understand the concepts of the BSC.

The results also point to diverging perceptions of PMSs for CEOs and HR professionals. This is in addition to the differences between perceptions found in managers and employees. Shutibhinyo (2013) argued that the success of the BSC significantly depended upon strong internal and external communication regarding an organisation's core strategies; however, there is a lack of such communication in public sector organisations in Saudi Arabia and this results in differences in perceptions. Therefore, it appears as if the level of understanding of the current PMS and how it is linked to the strategy of the ministry differs according to the position of the individual in the hierarchy. This implies that not all CEOs and HR managers (top management) in the ministries have a clear understanding of their respective ministry's PMS.

The variation in perception among CEOs and HR professionals in each ministry may also signify the absence of a clear strategy among the top level management in the ministries. If this is the case, this should be addressed prior to and during the process of the adoption of the BSC, for, as Shutibhinyo (2013) point out, the endorsement

and promotion of the BSC is a significant factor in whether or not it is successful. If there is a lack of policy and process clarity regarding the PMS at a senior management level, this is likely to lead to misaligned, non-strategic and ineffectual decision making (Yazdi & Haddadi, 2011) which in turn is unlikely to result in the desired performance improvement. Moreover, as we have seen in literature review, not all managers are supportive of PMSs (cf. Yetano, 2009) and it can contribute to the creation of clarity and consensus among top management if they are.

One of the most important findings derived from the primary data was that managers and employees are not adequately trained to utilise the performance management system in the most efficient manner. Disregarding the need for periodic assessment of employee training needs may defeat the core purpose of implementing the LGP of the BSC. Lack of training may be another factor that has a causative impact on differences in perceptions of the current Saudi public sector PMSs. If this is the case, the Saudi public sector is not alone in facing this problem. Those responsible for delivering public service training in Hong Kong identified difficulties in effectively identifying and responding to training needs in the fast changing public administration environment (Huque & Vyas, 2008).

In organisations where middle managers/supervisors have the necessary training, their outlook and ability to deliver and manage the process is likely to be effective (Williams, 2001). The reverse is also true (Grote, 1996), and it does not take much imagination to realise that, if HR professionals do not feel equipped to deliver, their

perceptions of the process may not be as enthusiastic as those of the top management proponents. Training forms an essential part of the LGP of the BSC and therefore implementation of the BSC is directly related to the frequency, effectiveness, and efficiency of the training of employees carried out by the HR function. Training is the key tool for the introduction of innovation in the organisational culture, and Kaplan and Norton (1996a) assert that 'innovation' forms a central part of the LGP. If the problems with communicating PMS policy, strategy and process in the Saudi public sector are indicative of the actual situation, this suggests that there is ineffective and non-inclusive SHRD, and that there is limited multi-stakeholder involvement in the development and operation of PMSs. This is in line with the findings presented by Rothwell and Kazanas (1991) who stated that the effective application of SHRD requires the inclusion of more stakeholders than in other, traditional, approaches. Since public sector organisations have a wide range of stakeholders, it is essential that SHRD is implemented after the goals and objectives of multiple stakeholders have been considered (Flak & Dertz, 2005).

Another important observation is that, although managers and employees in the questionnaire survey provided answers about their understanding of PMS in the Saudi Arabian public sector, these findings did not conform to findings which emerged from the literature. A good example is the lack of clarity regarding objectives. This is consistent with numerous examples of public sector employees raising concerns and strong criticisms about not being fully aware of the changes resulting from the introduction of a PMS (Debusk & Crabtree, 2006). There was some evidence of an

understanding of PMS among managers as reflected in the statement, ***‘Know what is expected of them by the ministry’*** which had a moderately high mean score. At first sight this could be regarded as encouraging results for a public sector defined by centralised bureaucratic principles. However, the data emerging from the interviews with executives in all ministries reveals that the ministries’ strategic objectives are not at all clear amongst top managers. This showed evidence of differences in the understanding of the PMS across the board. More surprising was the fact that managers and employees (who are not involved in strategy formulation) appear to say they understand the objectives while executive management (who are supposed to be involved in strategy development and implementation) do not. It can therefore be equally argued that the managers and employees think that they understand the strategy when they actually do not. If this is in fact the case, then it is highly unlikely that operational level managers and employees will comprehend their ministry’s strategic business goals and objectives. As highlighted above, such a scenario has negative implications for the quality of strategic management and PMS success. These findings and analyses do, however, contribute to achieving this study’s research objective pertaining to the understanding of performance management in Saudi Arabia, as they indicate that managers and employees do not have a concrete idea regarding the strategic goals and objectives of their ministries.

One possible explanation for the variation in results for statements regarding the awareness of managers and employees of their ministries’ strategies could be that employees who gave high mean scores on this question may have been referring to

their daily working routines rather than their ministry's business goals and objectives. Hence, unclear wording in the questionnaire statement may have contributed to this variable. However, the suggestion that a lack of clarity in the questionnaire statement contributed to a misunderstanding on the part of some respondents, and hence variability in the responses, is undermined by the answers to the next two questions which the researcher asked during the interviews. These questions were: *'Who participates in preparing the ministry's strategy?'* and *'What is the importance of linking the ministry's strategic objectives with the employee's performance?'* The answers indicated that only a limited number of individuals from the executive level are involved in making decisions in relation to the ministries' strategies and that employees are not involved directly or indirectly in this process. The findings are also similar to those of a related study in relation to the Saudi public sector which stated that *"[e]mployees are not involved in any policy-making or decision-making"* (Alhamoudi, 2010, p. 231). Moreover, Alhamoudi (2010) revealed that few individuals had the chance to take part in, discuss, or contribute to any policy decisions and suggested that there were few opportunities for employees to learn. Research indicates that successful performance management involves collaboration in order that top management can benefit from the input of employees throughout all levels of the organisation (Kettunen & Knattola, 2005).

The results from the interviews strongly support the published literature in that they suggest that, for any performance management to be effective, the corporate strategy has to be linked with the individual performance objectives (Armstrong 2009). In

this study, the respondents understood the necessity of there being a link between PMS and corporate objectives, but they had strong reservations on the effectiveness of this link. Once again this points to deficiencies in HRD and a lack of SHRD. Success in implementing the LGP dimension within any performance management relies on a clear vision and a well-designed SHRD strategy, which thereafter needs to be integrated with and linked to the overall performance management system (Kaplan & Norton, 2004b). Furthermore, strategy needs to be linked to individual performance in order to produce tangible results for the organisation as a whole, as is suggested by Al-Yahya (2010). Marr and Adams (2004) argue that executives need to possess a shared understanding of the strategy in order to align and implement it in the organisation. Kaplan and Norton (2004b) also suggest that, if alignment is not present, executives cannot implement their new strategies in the changed environment of global competition, advanced technology, and competitive advantage derived from intangible assets, principally human capital.

The results also revealed that both managers and employees find it easy to discuss work problems with each other; this could be seen as a positive sign which helps to avoid any difficulties and obstacles in strategy implementation. This is representative of reactions to performance appraisal within a culture such as the KSA, where there is a high level of collectivism which leads to relations between manager and those managed generally being positive and cooperative at the group level. Despite such congruence, it is still essential that there be communication regarding BSC objectives (Shutibhinyo, 2013). Any degree of collectivism and communication between

managers and employees is ineffective in the context of a PMS if the flow of communication is not used to align organisational strategy with employees' goals.

The differences between employees and managers in how they perceived most of the themes and subthemes contained in this study suggest that they have difficulties in synchronising their objectives. This also could be an indication that a top down scheme of performance appraisal is used. Alsheraimy (2006) states that the Saudi public sector tends to adopt top-down management decision making with limited scope for delegation and enablement. Saudi managers are prone to have a preference for complex hierarchical bureaucracy and for issuing direct orders to subordinates (Alsaeri, 1993, cited in Alsheraimy, 2006). Well-developed SHRD policies, on the other hand, are likely to result in alignment with corporate objectives, as is decision making that involves stakeholders outside of top management, and also work teams that are empowered and have a good job fit (Al-Yahya, 2010).

The second lowest ranked variable among both managers and employees indicates that there is a lack of training in performance management in the selected ministries. According to Armstrong (1998; 2009), one of the criteria for any effective performance management is that both managers and employees have to be trained to get the best out of the system. This raises the issue of training, which is also necessary for the supervisors who are to evaluate their subordinates' performance. Therefore, there is a strong argument to suggest that the ministries are failing to link employees' performance with a motivation system based on competence rather than on length of service or available vacancies as is currently the case. This is an area of

concern, which should be addressed by establishing this link. Organisational culture within the Saudi public sector is, according to Al-Yahya (2009), entrenched in traditional types of functioning, and the embeddedness of this culture means that it is likely to be difficult to change this. On the other hand, in relation to the training of supervisors, it is suggested, in agreement with Boice and Kleiner (1997), that such training should at least include training in: “*supervision skills; coaching and counselling; conflict resolution; setting performance standards; linking the system to pay; and providing employee feedback*”. This is also supported by the question that the executives were asked: ***‘How can the ministry ensure that its performance management system is effective?’*** None of the answers mention training individuals to get the most benefit from the performance management system. This may also be an indication that there is no clear link between the individual’s training and strategic goals in the Saudi ministries.

Although the Saudi public sector relies on performance appraisal, this is not linked to any incentive or motivation scheme. This position is reflected in the responses of both managers and employees, who gave the statement that ***‘performance appraisal links my performance with motivation’*** one of the three lowest ratings. Executive managers recognise the positive theoretical link between PA and motivation, but this is not applied in the Saudi public sector possible due to government policy. According to Armstrong (2009), the use of employee incentives is an important prerequisite for an effective PMS, a position supported by Delaney and Huselid. All

ministries rely on performance appraisal to ensure that individuals strive to achieve the ministry's strategic goals. This is based on a top-down scheme.

6.3 The Meaning of Performance Management for Participants

Individuals play a fundamental role in the success of the PMS in any organisation. Therefore, the next part of the questionnaire investigated what performance management means to the participants. In addition, one of the objectives of this study is to explore the differences between the perceptions of the participants regarding readiness for the implementation of the LGP in the Saudi Arabian public sector. Thus, this section aims to discuss both the highest and lower mean statements from the responses from managers and employees.

The findings on this theme identified four main subthemes. The first main subtheme related to the contribution/usefulness of performance management to managers and employees. The overall findings were that both managers and employees believe that the PMS is useful. However, managers appear to have a greater belief in this than employees, with executive management believing it totally.

The second theme that was identified in this study is the perception of the effectiveness of the PMS. All in all both managers and employees felt that the PMS is not very effective, although the managers were less negative than employees. All respondents identified virtually the same factors that strongly influence the effectiveness of PMS, with managers and employees clearly having the view that the

link between the PMS and the payment system is the most important factor. The third subtheme was the obstacles to the effectiveness of PMS. Managers and employees on one hand identified different set of obstacles from those identified by executive management. The managers and employees identified the bureaucracy in the ministry as the most problematic obstacle. They also identified commitment as an obstacle, but felt that they were committed, which implies that they felt that the ministry was less committed. Top management on the other hand cited uncompetitive salaries and ‘over regulation’ (particularly of training) as the main obstacles. They also felt that the ministry’s efforts to tackle these obstacles were inadequate. The fourth subtheme was the perceived effectiveness of the performance appraisal (PA) scheme. The overall findings were that the PA scheme was considered to be partially effective, with managers being more negative than employees. While managers and employees were happy with the feedback aspects of PA, they felt that it was not fair and unbiased. To sum up, while both managers and employees felt that the PMS is useful, their main concern was its effectiveness. They felt that the PMS was on the whole ineffective, mainly because of bureaucracy, but more specifically because the PA was biased and unfair. These findings are discussed below.

Saudi Arabia has a distinctive culture because of its position in the Islamic world (Al-Sadan, 2000) and its tribal background which exert strong, causal influences on the management practices in the Saudi public sector. It is essential to take cultural norms into account to achieve success in a business relationship because these may act as communicational conduits and facilitators for interactions between employees and

business partners. However, on the down side, culture may also be a contributory factor in the development of discord instead of synergy (Hofstede, 2013). This study's empirical research found both similarities and dissimilarities between managers and employees in their perceptions of performance management. For example, employees indicated that they have no problem with their managers giving them negative comments about their performance. Managers also indicated that they have no problem making negative comments to employees. The responses were different from those which the researcher had expected as Saudi Arabia is a nation in which personal relationships are the focal point of commitment among individuals within and outside of business which is indicative of a country with a high collectivist culture.

The performance appraisal is a critical element in the performance management process. Therefore it requires significant attention, especially in the case of the Saudi Arabian public sector, as it is the main tool used when evaluating an individual's performance. The results from this study reveal that Saudi employees believe that the performance appraisal breeds uncertainty regarding their performance. These results are consistent with the findings of Furnham (2004) who suggested that performance appraisals in the Saudi Arabian public sector are poorly handled, resulting in disappointment among employees regarding the PMS; this may also defeat the actual purpose of such a system which is to identify the need for training and to ensure human resource development that strengthens the organisation's overall performance. This also agrees with Hofstede's (2013) analysis that classified Arab countries such

as Saudi Arabia as high in uncertainty avoidance. In other words, employees are not comfortable with being involved in situations where there is an absence of clearly delineated outcomes and in which the risks are perceived as high. Thus, they may see the performance appraisal as a way of indicating that certain things should be done or not done when performing duties. However, the employees believe that *“the information generated from performance appraisal is productive and of value”*, unlike managers who indicated that they thought that the time spent on performance appraisal could be used more productively elsewhere. While Saudi Arabian managers do not attach value to performance appraisal, Simmons and Eades (2004) emphasise the use of a holistic approach towards performance appraisal which goes beyond a systematic appraisal of employees and includes multiple stakeholders. This has been diluted down to become a formality, but this also makes the use of a PMS a more practical and overarching approach.

The lack of effective performance appraisal in Saudi Arabia also indicates the difference in attitudes among managers and employees toward performance management in the Saudi Arabian public sector, and this correlates with the findings highlighted in the literature by Al-Saleh and Ramadan (2010). The negative attitude of managers may be among the key reasons for the ineffective PMSs in the sector. Comparing the findings of this research with those on performance management and performance appraisals in China, another country with a high collectivist and power distance culture, may be instructive in shedding light on why Saudi public sector managers appear ambivalent toward performance appraisals. This is necessary when

evaluating the performance of subordinates as a result of the introduction of PM into the country's public sector, and the research findings of Burns and Zhiren (2010) concluded that Chinese managers and supervisors rated over 99% of their employees as having an outstanding performance. Such outcomes are more likely to occur in collectivist societies where there is a great deal of emphasis on avoiding workplace conflict, and the singling out of individuals is avoided because this may have a negative impact on the working environment (Cascio, 2011).

Some managers and HR professionals indicated that the method of performance appraisal used in their ministries is old, unreliable, and sometimes not taken seriously by some managers when assessing their employees' performance. Looked at from Damanhour's (2006) point of view, performance appraisals conducted in Saudi organisations are biased due to the 'sociability and hospitality' entrenched in Saudi culture, and the findings of this research accord with this assertion. In addition, writing about the UK public sector, Simmons and Eades (2004) highlight criticisms about inefficiencies in relation to the traditional approach to performance appraisal such as that it was not responsive to contemporary knowledge or expectations of professional work, or beneficial in engendering high employee commitment and engagement. Thus, within the context of the highly competitive global knowledge economy in which Saudi Arabia finds itself, the importance of developing effective performance appraisal systems within the public sector's PMSs is apparent.

The fact that employees gave low scores regarding whether the performance management system in their ministry was successful because it is part of an integrated approach to the management of people implies the absence of integration. Indeed, managers and employees alike stated that performance management generally is only of use to the HR department. The view that emerged from this study's empirical research was that viewing performance management as the preserve of HR runs counter to the literature where PM is so aligned with managers that it has been described as 'managerialism' (Tilman, 1988).

This is similar to Armstrong's (1998) contention that performance management is the expression of good management practice. It can therefore be regarded as a tool enabling HR professionals, such as line managers, to manage their teams more effectively. Not surprisingly, the majority of interviewees stated that performance management data was not kept by the HR department, as HR departments only needed the information to enable them to budget for training requirements. This in itself is an indicator, albeit one that was not explored to any great degree, of weak SHRD. Moreover, the outcome and data regarding appraisals and performance reviews was in relation to managers and employees only. This gives the impression that the PMS in Saudi public sector organisations is not integrated with business objectives. The information acquired from the performance management system is not utilised for the betterment of the organisation, and the performance management activities are conducted merely as a formality. Considering the significance and application of the PMS and the BSC, as highlighted in the literature review, it can be

said that way the PMS is applied by managers in the Saudi public sector defeats the very purpose of the PMS, which is the identification of shortcomings and the rectification of processes through corrective measures. Aburas (2010) and Bayat (2011) both highlighted the significance of and the relationship between the PMS, the BSC and its LGP, and SHRD.

Although managers agreed with employees that they have no problem discussing negative comments regarding their performance, they have slightly different views on the meaning of performance management. They emphasised that performance management must be linked with payment systems. They gave it a high priority which indicates how important it is from a manager's point of view. According to Armstrong (1998), linking performance to pay is a necessity in any effective PMS. This is also aligned with the managers' responses which emphasised that it is imperative to provide employees with incentives as a means of achieving improved performance. This necessitates the use of both qualitative and quantitative measurement methods aligned to the strategic objectives of the ministry in order to attain equitable and fair financial incentives for its workforce. In the context of the LGP, employees play a central role in accelerating innovation in the organisational environment; this perspective is also emphasised by Sahoo et al. (2011) who state that management needs to take active steps to encourage employees to respond positively to learning opportunities. As the primary findings suggest, managers have a better understanding of strategic objectives compared to employees, and, when the involvement of employees is absent, the implementation of the LGP of the BSC may

be hindered. The linking of incentives with strategic objectives may be viewed as an encouraging act on the part of management. Nevertheless, the study revealed that Saudi managers are satisfied with the way they appraise their employees. This finding corresponds with Barrett's (1989) assertion that significant decisions are the prerogative of top management within Saudi companies, and that, even when they consult their employees, they usually eschew consensus and take decisions themselves (cited in Alsheraimy, 2006).

Finally, specific to the PA scheme, this research found moderate scores on the effectiveness of the PA scheme in some items such as the usefulness of PA information and the positive impact of PA on the individual's development and the reduction of uncertainty for employees. On balance, managers and employees tended to have similar views. However, both managers and employees felt that the design of the PA form was problematic. This raises important issues on the efficacy of the whole process when respondents feel that the design is poor. It also means that some aspects of the PA are not measured or captured properly, again raising issues regarding overall effectiveness. A poorly designed form is unlikely to resolve the long standing issue of nepotism, known as 'wastah' ('who you know'), in the Saudi context. As will be discussed later in the LGP findings which deal with a poor relationship between an appraiser and an appraised, 'wastah' is likely to have a significant and negative impact on the effectiveness of PA. Indeed, Alshalhoub (2009) identified the issues of 'wastah' as being problematic in some Saudi ministries.

6.4 Overall Perceptions on Learning and Growth Readiness

As the BSC is yet to be implemented in the Saudi public sector, this research focused on investigating the readiness for PMSs, the opinions of participants on the system used at present, and the elements and features of the LGP. This included examining the added contribution and value of individual employees, as well as their areas of weaknesses.

Even though there are different levels of understanding regarding BSC requirements among managers and employees, this study's findings suggest that each group has respect for the other and works collegially with it. This could be taken as illustrating Adhikari's (2010) assertion that PM helps organisations by improving the collective performance of employees and encouraging them to work collectively towards achieving organisational goals. However, the fact that both managers and employees have respect for one another could be an indication of the Saudi culture's propensity towards collectivism. On the other hand, the seemingly positive relationship between managers and employees could be taken as a sign that managers give the best assessments to people they like. If this were the case it would be in alignment with the results of Alshalhoub's study (2009) regarding the effectiveness of performance appraisals in the Saudi public sector, and would identify performance appraisals as the most critical process in performance management.

One interview from the present study highlighted ‘wastah’ as a problem which affects the successful implementation of performance appraisals in ministries. This was not supported by data emerging from the other research participants. However, the substantive issue raised can be linked to the current hierarchical performance appraisal scheme used in the ministries. Using this scheme means that evaluation follows a one-dimensional approach which may encourage nepotism to occur as no one is looking at the actions of managers in the existing system. This appears to be consistent with the current thinking on new public management (NPM), in which power and influence appears to be invested in management, particularly top management. Whilst this encourages top management entrepreneurialism, it can have a negative impact on other stakeholders, as observed by Wicks and St Clair (2007).

Another important finding of this study was regarding creativity as the later statements revealed low means indicating that employees do not consider that they are actively encouraged to be creative and use their initiative. In fact, when the researcher asked managers about how the ministry encourages its employees to be creative, most of the answers suggested that creative employees should be sent on further training courses or encouraged to complete their post-graduate studies. None of the respondents mentioned how they define creativity, how they identify a creative employee, or how their suggestions regarding sending creative employees for training outside the organisation would enhance the ministry’s work. Kaplan and Norton (1996a) assert that ‘innovation’ forms a central part of the learning and growth perspective of the BSC. The absence of creativity and innovation in the organisation

is the primary indicator of an organisation not being a learning environment. The first step towards ensuring dynamic and efficient human resources is the incorporation of an organisational culture that encourages innovativeness and learning; the lack of such a culture directly hinders the implementation of the LGP. This leads us to conclude that the implementation of the LGP in the Saudi Arabian public sector is directly hindered by the lack of innovativeness among managers and employees. These findings are similar to those from Simmons and Eades' (2004) study of performance appraisals which found that some public sector professionals considered the appraisal system introduced as a part of PM acted as a constraint on their innovativeness. Interestingly, it seems that the specialised public sector professionals investigated by Simmons and Eades (2004) were not convinced of the benefits of PMSs and their performance appraisal systems. Thus, communicating the purpose, content and benefits of PMSs and performance appraisals across the workforce and involving employees as important stakeholders in the development of the PMS was an issue in this context, and this should certainly be taken into consideration in the Saudi public sector,. As mentioned previously, a collaborative approach is evidence of effective SHRD. Although Armstrong (1998) stated that performance management systems help organisations in aligning the goals of the organisation as a whole with the individual goals of the employees to ensure the fulfilment of its strategic vision, the primary data suggests that employees view PMSs as a constraint on their creativity. This may be viewed as an indicator of the ineffectiveness of PMSs. In order to incorporate and develop learning and growth it is essential for an organisation to encourage knowledge development and innovation. Sahoo et al.

(2011) present an interesting and more practical perspective regarding employee development by describing employees as passive recipients of the SHRD strategies. Such a perspective requires management to take active steps to encourage and motivate employees to capitalise on learning opportunities. This encouragement can be achieved with a continuous flow of communication which includes communication regarding the organisation's objectives, the role of employees in achieving those objectives, and the personal benefits to be reaped by employees when they acquire new knowledge. This is imperative in the Saudi public sector in its adoption of the BSC. From what has been mentioned previously it can be seen that the Saudi Arabian public sector does not measure satisfaction, the individual's objectives are not linked to the strategic objectives, and the individual's performance is not linked to motivation. All of these indicate that creativity is not promoted effectively in the Saudi public sector.

Moreover, it is significant that an analysis of the quantitative data shows that there is little or no evidence that employees are involved in the ministry's decisions. Supported by the responses of both managers and employees, this finding is in accordance with Alsaeri's (1993, cited in Alsheraimy, 2006) which stated that managers in Saudi Arabia tend to support high levels of bureaucracy and to prefer to give direct instructions to subordinates. This could be a potential problem for LGP implementation, especially in relation to the idea of the Learning Organisation where the emphasis is on building trust and responsibility among employees and

empowering them to take responsibility for planning their own learning in accordance with their understanding and shared organisational objectives (Alshareef, 2005).

The issue of the problems with the measurability of the BSC was clearly stated during the interview with the CEO of ministry M3 who said, *'I do not think this [the Balanced Scorecard] could be implemented currently because the strategies and objectives of ministries are loose phrases that are immeasurable'*. Even more important is the surprising revelation that all but one of the interviewees (the CEO of ministry M3) knew very little about the BSC. If virtually all CEOs and HR managers have only a scant understanding of the BSC, and the only CEO who has a very clear understanding of how the BSC works does not believe in it, then serious questions have to be raised regarding the likely success of the implementation of the BSC, and hence the level of preparedness. Kaplan and Norton (2004) emphasised that strategic alignment and the understanding of the executives play a vital role in successful implementation of the BSC's LGP. In this case it can be observed that the top executive has limited knowledge regarding the BSC's LGP and its potential to change management practices. In situations where the top management is only vaguely aware of an important strategic tool that is going to be adopted in their organisation, one may have to look at why this could be the case. Niven (2006) stated that the implementation of the balanced scorecard model begins with the design phase, which includes identifying the overall vision and objectives of the organisation and aligning them to individual goals. In the absence of this knowledge, the top management may not be able to initiate the implementation of the BSC.

As stated in the opening chapter, introducing the BSC into the Saudi public sector was an idea that was initiated by the government, which hired Professor Kaplan (the co-developer of the BSC with Norton) to explore this.

The success of BSC implementation does not just depend on top management, but also involves the rest of the employees. Harmonising employee learning and organisational objectives is among the key factors that drive the implementation of the BSC. Kaplan and Norton (1992) emphasise that the implementation of the BSC requires a detailed understanding of the market situations, product strategies, and competitive environments surrounding the organisation, and business units devise customised scorecards to fit their mission, strategy, technology and culture. Employees play a crucial role in collecting, storing and sharing information regarding the environment of an organisation.

It is not surprising that there are differences between managers' and employees' responses regarding their understanding of the LGP. This can partly be explained by the observations made by Kotane and Kuzmina-Merlino (2011) that the LGP continues to evolve and adapt as users and researchers come to realise its importance. The initial indicators of the LGP included employee competencies, information systems capabilities, and the organisational climate (behavioural factors such as motivation and empowerment). However, over time, the indicators have changed, with a particular focus on the LGP as an intangible asset (Marr & Adams, 2004). These intangible assets tend to focus on HR elements such as human capital (HC),

information capital (IC) and organisational capital (OC). Indeed the LGP is particularly relevant for HR managers because, as shown in this study, the LGP's elements are mostly HRM related (Niven, 2011). This study accepts the findings of this investigation and of others which support the view that the LGP is the bedrock perspective of the BSC.

6.5 Discussion of the LGP Dimensions

This section discusses the results of the factor analysis of the LGP presented in the previous chapter. Hair et al. (1998, p.90) define factor analysis as, '...a generic name given to a class of multivariate statistical methods whose primary purpose is to define the underlying structure in a data matrix.' Basically, it analyses the structure of the interrelationships among a large number of variables as revealed in questionnaires '...by defining a set of common underlying dimensions, known as factors.' The method enables the researcher to identify separate dimensions of a structure, and determine the extent to which each variable is explained by the dimension. The researcher can then summarise the data and reduce it, while maintaining as much of the original information as possible. The identified and reduced dimensions can then be used in a questionnaire to measure an underlying (latent) variable

Of the four BSC perspectives, financial, customer, internal business, and learning and growth, the LGP has generally been considered to be the BSC's 'weakest link' (Marr & Adams, 2004), with a third of users of the BSC not using the LGP at all

(Speckbacher et al., 2003). While other users tend to incorporate some aspects of human resources, research and development, or innovation related measures, other practitioners abandoned this perspective completely.

Specific to this study, factor analysis was used for two main reasons. It enabled the researcher (i) to identify the underlying conceptual dimensions of the LGP, and (ii) to develop a measurement tool for the LGP.

As mentioned in Chapter 5, while key authors in the LGP such as Kaplan and Norton (2004), Niven (2006) and Marr and Adams (2004) talk of the importance of the LGP, none of them has come up with a method of measuring the LGP as is the case for other perspectives. This is despite the fact that a central tenet of the BSC is its use of measurement. While the other three of the BSC perspectives have well-established measurement tools to measure and reward performance, the LGP does not have a valid performance measurement tool. Kaplan and Norton (2004) do not provide any references to any practical work on how the measurement of the LGP is to be carried out. Indeed, Marr and Adams (2004) argue that no independent research has been done on the principal components which are ultimately the basic factors. Kaplan and Norton (2004) and Niven (2006) only present qualitative ‘dimensions’ – typically Human Capital, Information Capital and Organisation Capital – but do not show how these dimensions are to be measured, or more importantly, how they came up with these dimensions. This is despite the acknowledgement by these authors and others that the way the perspectives of a BSC are measured is crucial, in some cases

referring to the LGP as the ‘rock’ of the BSC. Indeed, Leug and Vu (2015, p.319) refer to the work of Kaplan and Norton on the BSC as, ‘...the non-academic mystical speech-genre of Kaplan and Norton’s books.’ Even Marr and Adams (2004) who raise strong concerns regarding measurement of the LGP, do not come up with a proposed solution. Indeed Kaplan and Norton themselves point out that the measurement of the LGP is likely to be imprecise and that many organisations have devised new ways of measuring the LGP. The authors make no effort to try to describe what these measures are or name the organisations that have used new methods. Neither do they make any indication of the extent to which they think the measures were valid and reliable. The argument here is that, if the LGP is not measured in a valid way, then the outcomes cannot be relied on, because the wrong thing could have been measured.

In their revised publication, Kaplan and Norton (2004) stressed that the LGP consisted of human capital, information capital and organisation capital. Niven (2006) attempted to expand on the individual items for each of the three ‘capital’ measures used to measure LGP elements. However, whilst providing a description of the items under each capital measures, Niven (2006) failed to specifically or empirically identify the suggested additional measures or constructs. This study empirically identifies the underlying dimensions of the measures of the LGP in the context of the Saudi Arabian public sector. An important observation when the findings of this study are compared to the measures proposed by Kaplan and Norton (2004) and expanded on by Niven (2006), is that there are similarities in some

measures, but differences in others. The similarities are in relation to Human Capital and Information Capital, while the key difference is that this study did not find the Organisation Capital measure to be significant but instead identified three dimensions (for Saudi managers): Motivation System, Employee Satisfaction, and Relationship (as defined by the nature of the relationship between Saudi managers and employees with regard to favouritism in the appraisal process). The underlying dimensions will be discussed in the following paragraphs.

This study therefore seeks to make some novel contributions to the literature on the LGP by (i) quantitatively identifying reliable and valid conceptual dimensions of the LGP, and (ii) developing a reliable and valid measurement tool that can be used by other researchers and practitioners to measure the LGP. In addition, an understanding of the factors by the managers and employees is crucial, because, only if they understand the concept of the LGP, can the implementation of the BSC succeed. These dimensions of the LGP are discussed below.

6.5.1 Human Capital (HC)

The relevance or importance of HC as a dimension has been mentioned (but not measured or methodically established) by both Niven (2006) and Kaplan and Norton (2004). HC is about the skill, knowledge and talent of staff. It is also about employees' attitudes. HC is important because it has direct links with knowledge (Davish et al., 2012). Human capital represents the factor that gives a specific

character to each organisation. HC is particularly important because it is people who innovate, think creatively and bring about change, and also because it is inextricably linked to strategic management and intellectual capital (firm's knowledge). It is important to correctly measure HC in the LGP because this enables it to be determined whether the employees possess the appropriate skills and level of skill required to do the job.

Kaplan and Norton (2004) suggest that HC is a key measure of strategic readiness for the implementation of the BSC. The results mean that, while they may not be perfect, on balance the Saudi ministries appear to have the right kind of employees with the relevant skills that should make the implementation of the BSC more likely to be successful. However, the fact that HC accounted for only 16.6% of the strength of the model for employees compared to 30.5% for managers, suggests that this dimension may not be as adequately developed for Saudi ministry employees as it is for Saudi ministry managers. It also means that there is likely to be a 'competency' gap between HC requirements and capabilities, particularly in the case of employees. This may negatively affect the implementation of the BSC. However, the result does not mean that the ministries must panic and attempt to train every employee. Kaplan and Norton (2004) suggest that an organisation simply needs to identify the jobs that have critical impact on performance or overall strategy, and then focus on training the employees who occupy these key positions. The authors explain that in some organisations these key personnel can make up as little as 10% of the total workforce. The profiling of such employees is the task of line managers and HR managers

working together. Niven (2006) also subscribes to the notion of a competency gap which can help determine the skills needed to address the needs of the organisation, using the ‘strategic job coverage ratio’ as a possible metric to analyse the gap over time. Personal development plans, employee training, and employee productivity are some of the measures that Niven (2006) suggests could be used when developing people.

A key element of HC is the development of both the HR policy and the employees. As pointed out by Garavan (2007) the HR policy has an impact on LGP activities such as training. For example, in order to preserve HC an organisation needs to ensure that there are mutual learning improvements in employee skills and to promote an environment that enables their personal and professional development.

Arguably the most important thing to consider is addressing the area of responsibility of each ministry, focusing on the following areas that have been identified in this study. Firstly, the regulations need to be reviewed, and there may be the need to involve all ministries in drawing up regulations as each ministry has unique features in their operations. For example, in some ministries that require highly skilled technical staff who will need to be paid salaries outside the normal civil service grades, it may be necessary to adapt certain regulations and put them in place in advance. Secondly, the traditional practice of linking promotion or training to seniority needs to be revised in order to encourage employees who may be junior but who are more competent. Thirdly, it appears that ministry M2 has too much influence

on the recruitment of personnel in other ministries; this should therefore be reviewed in order to give more responsibility to the individual ministries and line managers. This is likely to stop the ministries from merely focusing on competencies within the existing system and instead encourage them to add new competences which would improve their performance. This is particularly important given the trend in many countries where some senior public sector employees are increasingly being asked to operate in a similar way to private sector executives, but with limited authority. Fourthly, the ministries could be involved in HC development policy. Finally, the ministries need to identify the competence gap and then address it. This may not necessarily be a huge task or one that demands the involvement of all or a large number of employees. Kaplan and Norton (2004) point out that in many cases, the competences that need to be developed, particularly if they are for high level skills, may involve very few employees. A well-published approach in dealing with such inadequacies would be to put into practice a job profiling or competence profiling procedure. By adopting this approach ministries may find that not every employee needs to know a lot about the BSC. Empirical evidence gathered by Kaplan and Norton led to the conclusion that it is important for an organisation to identify strategic job families (the jobs that have the most influence on the process) and the critical competences required. Use of tools such as 360 degrees feedback on employee performance could provide employees with a clear understanding of current skills and performance, and this will help with drawing up specific action plans for future development.

6.5.2 Information Capital (IC)

The concept of Information Capital (IC) relates to an organisation's physical and intangible assets which include information systems, databases, networks, and technology infrastructure. Measurement of IC is important because IC measures how well the IT infrastructure supports critical internal processes. Both Niven (2006) and Kaplan and Norton (2004) identify IC as a critical aspect of PM tools. This study identifies the IC dimension in both Saudi ministry employee and manager data. This means that the Saudi ministries have information technology infrastructure in place (e.g. hardware, servers), as well as databases, information systems, managerial expertise and networks (employees have access to information). Indeed, as discovered during the interviews, the ministries have set in place enterprise resource planning (ERP) systems. With a variance of 17.5%, IC is the second most influential dimension for employees, while ranking fourth for managers. Consequently, with high mean scores for both managers and employees, the existence of the dimension is indisputable.

With regard to the readiness of the Saudi ministries, an important observation which emerged from this study is that there were positive scores in this dimension for both Saudi ministry managers and employees. This means that employees possess the instruments of business (e.g. mobile phones, tablet PCs) of the technology driven world of today. They also have access to the information that they need, and this information is aligned to the ministry's strategy, as Niven (2006) suggests should be the case. The identification of this dimension also implies that managers in the

ministries understand how to plan, prioritise and manage the IC portfolio which supports the ministries' strategy, as Kaplan and Norton (2004) recommend. Indeed the authors claim that many of today's large organisations' IC portfolios are sophisticated, objective and quantitative. These can be effectively managed through feedback from customers, which is important for the ministries in this study as these ministries provide services to other ministries. For example, the Ministry of Finance is involved with every ministry as it allocates and monitors their budgets. Similarly the Civil Service Ministry trains employees from most ministries. It is therefore crucial that information that is used to measure performance is effectively managed.

Based on what Niven (2006) considers to be constituents of effective IC, the ministries should provide employees with the physical and intangible assets that enable them to do their jobs. That means that employees need to be provided with physical assets, such as laptops, and access to accurate and adequate information. However, the ministries would still have to measure the level of preparedness using objective quantitative techniques, such as surveys, to gather the views of the users. Another interesting implication is that it is not entirely clear why managers have more positive views than employees, but, as in the case of HC, it may be that the ministries are more focused on managers, or simply that managers are better informed by virtue of their senior position, or are more proactive. The ministries therefore need to consider addressing this.

6.5.3 Employee Satisfaction (ES)

Despite the inclusion of items under the Organisation Capital concept, factor analysis did not identify Organisation Capital as a single dimension as both Kaplan & Norton (2004) and Niven (2006) suggest should be the case. Instead, two dimensions emerged for the Saudi ministry employees, Employee Satisfaction (ES), and Relationship, while in the case of the Saudi ministry managers, a third dimension, Motivation System, also emerged in addition to these two.

For the Saudi ministry employees, the ES dimension was the third most influential dimension, while for managers ES ranked second. The existence of this dimension lends credence to the argument that both Niven (2006) and Kaplan and Norton (2004) included too many different concepts in the Organisation Capital measure. This means that the Organisation Capital measure as prescribed by these authors is likely to produce incorrect measurement outcomes for the LGP due to it capturing more than one concept.

In today's world in which information travels quickly and widely, satisfaction becomes an increasingly relevant and important indicator of how an organisation is performing, as perceived by its employees and managers. While there are various models of satisfaction, all these models conceptualise satisfaction along the same basic dimensions, i.e. expectation standard, perception of performance, and some type of disconfirmation (Anderson & Sullivan, 1993). According to Zeithaml et al. (1996), satisfaction is a reasonably pure indicator of how well an organisation expresses its

core mission, and satisfied employees mean better performance. If employees are satisfied, this leads to higher productivity and more customer satisfaction, which leads to customer loyalty, and ultimately increased profits. Employee satisfaction has also now become a necessary condition for quality improvement. Academic literature provides strong evidence that behavioural intentions are an outcome of satisfaction or quality (Zeithaml et al., 2004). Behavioural intentions are strong indicators that signal whether a consumer will remain loyal or will defect. Favourable employee behaviour resulting from satisfaction is likely to lead to greater compliance, fewer employee complaints and greater loyalty.

The fact that ES was identified as a dimension of the LGP means that managers and employees understand this concept, and hence the implementation of the LGP is unlikely to be hindered by employees or managers on the basis of them failing to understand the conceptualisation of satisfaction. However, this does not necessarily mean that the implementation will be smooth. It was clear from the findings in the previous chapters that top management have not put in place relevant mechanisms such as employee satisfaction surveys aimed at measuring the employee level of satisfaction and any relevant feedback (Smith & Rupp, 2003). The ‘open door’ policy and the principles of justice and transparency, while they provide a good basis for the management of employee satisfaction, are inadequate if used alone and in the absence of feedback through surveys. Indeed, Niven (2006, p.160) argued in favour of satisfaction surveys observing: “*Satisfaction is a very valuable metric.*” It is therefore important for top management to collect this data and use it appropriately. This will

help the ministries to identify the areas that need to be improved, and take action to improve them. Given the fact that there was no established LGP satisfaction measuring tool prior to this study, and as neither Niven (2006) or Kaplan and Norton (2004) state how the LGP can be measured, it can be argued that this study has contributed to academic literature by quantitatively identifying the existence and importance of this dimension, and has also provided the items that must be used in the measurement tool in order to more precisely capture the notion of satisfaction in the implementation of a PM tool such as the BSC

6.5.4 Relationship

Marr and Adams (2004) identified the Relationship concept as ‘completely missing’ from the conceptualisation of the LGP. Roos and Roos (1997) suggest that this concept includes various stakeholders such as suppliers, customers, network partners and investors. In this study, Relationship emerged as a single-item concept. There is no universal definition of relationship, although a simple definition from Dwyer et al. (1987) is that it is ‘relation exchange.’ Most definitions, however, have, as underlying key components, establishing and maintaining relational exchange and trust. While in this study Relationship was the least influential variable, it was still an important dimension for both groups. The fact that a single item had significance is indicative of how important the issue is. The underlying issue is that employees feel strongly that their assessors are biased in that they give the best assessments to individuals they like, as is reflected by the high mean scores and the highly significant one

sample t tests. This is related to the concept of ‘wastah’ mentioned earlier. This result clearly indicates that the Saudi ministry managers and supervisors are not objective when it comes to appraising employees, yet objectivity is central to Norton (1992).

However, the relationship between supervisor and subordinate in the LGP was found to be particularly problematic, with both employees and managers feeling that their superiors gave better assessments to people they liked rather than those who performed the best. Given the importance of strong relationships within an organisation (Dwyer, et al., 1987), it is crucial that top management resolve this issue. The findings clearly establish that there is a need for those who assess others to have an understanding of human nature and how best to elicit the cooperation of employees. Collaborative and inclusive relationships with and between stakeholders can contribute to improvements in performance. The relationship between employees and the organisation is important because of its association with loyalty and ultimately performance. The ministries as a matter of course should ensure that existing and new systems are fair and subject to periodic reviews.

In addition, the fact that only the direct supervisor conducts the appraisal is surely a major weakness, given the role of appraisals in achieving the objectives of the ministries. Failure to address this issue is extremely likely to compromise the speed at which the BSC will be successfully implemented (Radnor & Lovell, 2003) There may also be the need to have a look at other HR issues that relate to any cronyism that may exist within ministries. This and other issues discussed herein will require

institutional and organisational cultural change. Achieving these changes will require commitment on the part of the government and top management. It will also require a clear and comprehensive communication of the change process and a collaborative approach that not only calls for and is seen to welcome feedback from employees and other stakeholders, but is also seen take steps to encourage and facilitate feedback through demonstrable and highly visible steps towards inclusivity as suggested by Lueg and Vu (2015).

6.5.5 Motivation System (MS)

This study identified Motivation System as one of the primary dimensions of the LGP for managers, but not for employees. Motivation is the main force which causes an individual to allocate effort to improving performance, and is a critical element in them doing so (Smith & Rupp, 2003). It can be also argued that motivation is a force that drives human beings to behave in a variety of positive ways (Harris, 1994). Motivation is crucial because unmotivated employees can resist change. Leug and Voss (2015) suggest that this lack of motivation often happens if employees are not involved in the decision making. Reluctance to accept new measures can also be a sign of lack of motivation. Employees also consider cost-benefits. If benefits are more than costs, then employees will be motivated, and the implementation of the LGP is likely to succeed.

Kaplan and Norton (2008) suggest that the BSC should be a ‘top-down’ approach, but this approach is likely to succeed only if employees are motivated and trained. Otherwise a more effective approach would be to involve employees in the early stages, although top management should provide the leadership.

The fact that this dimension does not appear among the Saudi ministry employees examined raises important issues that can negatively impact upon the implementation of the LGP. Motivation is important as it has a direct link to both organisational performance and organisational culture (Wegge, 2006). Organisational culture, on the other hand, also has an important impact on organisational performance. In today’s businesses, employees are expected to align their individual objectives with those of the organisation; hence the goals of the employee and those of the organisation are expected to converge. This alignment also brings about workplace identity which enhances workplace behaviour and attitudes, as suggested by Wegge (2006). Thompson and McHugh (2002, p.208) highlight the importance of cultural differences between organisations. Indeed, Van Dick (2004) points at significant empirical evidence showing that identifying with the organisation is a powerful concept that explains an individual’s performance and the well-being of employees. All in all, the conclusion from this study is that motivation is going to be a significant obstacle (particularly among employees) to the successful implementation of the BSC.

While the provision of training is a well-accepted motivator in the case of managers, for employees this is not the case. This is not surprising given the finding from this study that employees feel that their training is inadequate. Perhaps if employees were motivated, they would also be more likely to be innovative as suggested by Hartman (2006). To motivate these employees, the ministries need to consider providing more training and also being proactive in setting up an environment in which employees feel that they have the freedom to express themselves, hence increasing both job satisfaction and innovativeness (Harris, 1994). Admittedly, due to the way in which the public sector operates in Saudi Arabia, there are some extrinsic motivational factors that ministries cannot control, such as remuneration, contracts of service, and job security. However, there are other factors that ministries can control. These include: the working environment, conditions of work, the opportunity for an employee to express his/her ability, providing a sense of challenge and achievement, showing positive recognition, and showing consideration.

The importance of motivation in the successful implementation of any programme is well-established in the literature (Rasheed et al., 2013). If employees are motivated, this creates a strong sense of identity with the ministry, and employees will have positive perceptions about their work. This means that job satisfaction levels will be high; furthermore a lower employee turnover rate is likely to be one of the positive outcomes as is suggested by Van Dick et al. (2004). Such employees are also likely to think more positively of the ministry in general, and to unconsciously ignore and suppress negative ideas about it. A corporate culture-conducive climate is argued to

be a key factor in giving employees the opportunity to improve performance through motivation.

6.5.6 Conclusion Regarding the LGP

To conclude, the differences between the dimensions for managers and employees was not surprising, given the fact that managers and employees had on balance different levels of understanding and perceptions of the main themes identified in this study. Even in the dimensions that managers and employees shared, the scores were different, with the exception of the Relationship variable. Thus, the LGP for managers can be adequately measured using the dimensions MS, ES, HC, IC and Relationship, while that for employees can be measured using the dimensions ES, HC, IC and Relationship. Focusing on achieving the research objectives, these dimensions were used to assess the preparedness of the Saudi Arabian public sector for the LGP implementation of the BSC. The findings summarised above, which included the finding that there is variation in the understanding of PMS/BSC among top management, inadequate comprehension of PMSs throughout the ministries, and a misalignment of the PMS (including performance appraisal), are indicative of an imperfect understanding of the PMS and the LGP. This would indicate that the ministries are not fully ready for implementation, with most of the weaknesses arising from top management's limited grasp of the concepts, as is reflected in the interviews.

Among the factors that need to be addressed and put in place to assist the LGP implementation process are: integrating the PMS with the business objectives; ensuring effective implementation of performance appraisals; ensuring the effectiveness of SHRD, specifically the link between employee motivation and employee performance; and encouraging the practice of innovativeness.

6.6 Chapter Summary

This chapter outlined the main findings and discussed them within the context of the existing literature. The level of preparedness was discussed within the broad themes of the need for both the Saudi ministry managers and employees to understand the current performance management system in the Saudi Arabian public sector ministries, with the objective of: understanding the managers' and employees' perceptions of the effectiveness of the current PM systems; identifying the underlying dimensions of the LGP; and investigating whether and to what extent the LGP is preparing the Saudi public sector for the smooth implementation of the BSC. Some factors that require careful consideration for the successful implementation of the LGP, and subsequently the entire BSC, were also discussed. From these discussions, the main conclusions drawn were that most of the factors that will be obstacles to the successful implementation of the BSC in the Saudi public sector are not to do with technology, but are concerned mainly with HR and business processes. These two processes are highly interdependent. With regard to the research objective pertaining to acquiring a holistic understanding of PMSs in the Saudi public sector from an

SHRD perspective, it can be said that there are a number of factors that keep the PMS from operating effectively which results in it not being integrated with HRD. This in turn points to the limited presence of SHRD in the ministries studied.

Although there appeared to be general agreement that the PMS had a positive impact, it was observed that there were differences in the way Saudi ministry managers and employees perceive many of the aspects of the PMS. As one of the main objectives of the research was to assess the readiness of the Saudi Arabian public sector for LGP implementation in light of the information obtained and the analysis conducted, it can be said that there are multiple factors prevailing in the Saudi Arabian public sector that may hinder the effective implementation of the LGP. Effective LGP functioning requires an effective appraisal system with proper training and development opportunities, as well as a system that encourages innovative behaviour among employees. However, in light of the findings, it can be said that, despite the existence of an environment that promotes innovation being largely in place, the organisations in the Saudi public sector lack innovativeness, and the appraisal systems are not properly integrated with the strategic objectives of the organisations. In such a scenario, LGP implementation in the performance management system may not yield the desired results.

The identification of the LGP dimensions is indicative of a degree of understanding of the LGP concept, mainly among Saudi ministry managers, and, to a lesser extent, among Saudi ministry employees. Some differences in the conceptualisation of some

dimensions of the LGP by managers and employees may indicate that more research needs to be done, possibly in the form of confirmatory factor analysis. On balance, top management has little or no understanding of the concept of the BSC, let alone the LGP. Top management also lacks clarity on important issues of HR policy development and HC development. Importantly too there are no feedback systems in place to measure employee job satisfaction. These weaknesses, together with some differences in how the Saudi ministry managers and employees conceptualise the LGP (e.g. employees did not identify the Motivation dimension, while managers did), provide further evidence of significant obstacles to the successful implementation of the BSC, which leads to the conclusion that the ministries are not fully ready for the implementation of the LGP.

The next chapter presents the research contributions of this study and discusses the research implications within the Saudi context, and the recommendations and limitations of the study, along with suggestions for future research.

CHAPTER SEVEN: RESEARCH CONCLUSIONS AND RECOMMENDATIONS

7.1 Introduction

This study set out to investigate the Saudi Arabian public sector's readiness to implement the learning and growth perspective (LGP) within the auspices of its performance management systems, with the aim of developing a comprehensive and holistic understanding of the current performance management system in the Saudi Arabian public sector from a strategic human resource development (SHRD) point of view. To do so, an investigation was carried out to ascertain the key knowledge required to find out how the LGP of the balanced scorecard (BSC) that was developed in the USA using data from selected commercial firms could be applied in the Saudi Arabian public sector context.

Informed by the study's research objectives, this concluding chapter summarises the main findings emerging from the primary and secondary data investigated in this work. Most importantly, this concluding chapter presents the study's contribution to the academic literature on strategic human resource development (SHRD), performance management (PM), the BSC and its LGP, as well as its contribution to research methodology, and discusses the implications of the findings for academics and practitioners. The chapter also includes recommendations for future research.

The study concludes that the LGP in the form developed in the USA by Kaplan and Norton (1992) cannot be applied in Saudi Arabia *per se*, but that it needs to be adapted and accurately validated before it is applied in the Saudi public sector.

Using factor analysis, the study produced an empirically generated valid and reliable LGP measurement tool, which is the first attempt of any study to operationalise the LGP; this tool will provide academics and researchers with an understanding of the literature on SHRD, PM, the BSC and its LGP.

7.2 Summary of the Research Structure

The purpose of this study was to examine the Saudi Arabian public sector's readiness to implement the LGP within the auspices of its PMS with the ultimate aim of developing a comprehensive and holistic understanding of the current performance management system in the Saudi Arabian public sector from the point of view of strategic human resource development (SHRD). To reach this aim the following objectives were formulated:

1. To establish Saudi Arabia's public sector managers' and employees' understanding of performance management systems within the context of SHRD;
2. To understand how performance management is experienced and perceived by Saudi Arabian public sector managers and employees;
3. To assess the readiness of the Saudi Arabian public sector in implementing the aspect of the learning and growth perspective in the context of the current performance management system;

4. To improve the understanding of approaches to the learning and growth perspective in different institutional and cultural settings, particularly in the Saudi Arabian public sector.

The research followed a rigorous and systematic academic process in attempting to fulfil the aims and objectives. Having determined the aims and objectives, the first main step in the process was to conduct a wide ranging and holistic review of the academic literature. The ensuing literature search and review was broken down into three primary themes: the BSC, SHRD, and PM/PMSs. A final theme addressed this study's fourth objective by critically examining literature on the application of the BSC in different institutional and cultural environments.

The literature review, in particular the review of the themes and subthemes relating to SHRD, PM, PMSs, the BSC and the LGP in Saudi Arabia, served to address gaps in the literature, as there has been little or no academic investigation addressing all these issues. In particular, the literature revealed a range of impediments and challenges to the successful implementation of the BSC in general and of the LGP in particular. Further, it became clear that there was a gap in the academic literature and knowledge concerning readiness for BSC and LGP implementation in certain cultural and institutional settings. As the Saudi government has prioritised the implementation of the BSC in the Kingdom's public sector, as the LGP is the driving force propelling the three other BSC perspectives, and as there are not any other studies on the LGP in the Saudi public sector, it became increasingly apparent that this study could fill this

void. Undertaking the literature review informed the research design and was particularly useful in providing direction to and framing the construction of the data collection instruments, namely the questionnaire surveys and interview guides. Cognisant of the importance of examining the level of preparedness for BSC implementation, the research design focused on collecting data on performance management systems, employees' understanding of performance management, and obtaining a valid and reliable measurement of the LGP through an accurate identification of the appropriate dimensions for the LGP. This instrument was designed and tested for validity and reliability

The primary research consisted of empirical research, with data collected from three Saudi ministries. By employing quantitative (surveys) and qualitative (interviews) data collection and analysis methods, the study's mixed methods approach enabled wide ranging and in-depth analysis. The design of surveys for individuals at different hierarchical levels was also informed by the literature review as this had revealed incongruities between top management, mid-rank managers (supervisors) and frontline employees in terms of their understanding of PMS content and purpose, as well as variability of perceptions regarding the efficacy of the PMS. Additionally, the literature review revealed that the alignment of the PMS to organisational objectives is reliant on there being SHRD. In order to investigate the readiness for the implementation of the LGP in the Saudi public sector, the researcher, using empirical evidence collected via the structured questionnaire, applied several analyses to also identify the underlying conceptual dimensions of the LGP, and its validity and

reliability as a measurement instrument. These analyses were enhanced in the subsequent discussion by reference to and critical engagement with findings from the literature.

7.3 Main Findings and Research Contributions

The first major contribution to the body of academic knowledge is the finding that the PMSs currently operational in the Saudi public sector are ultimately not efficiently and effectively utilised due to the differing levels of understanding of PM among the respondents. The understanding of strategy differed across the board (executive management, management and employees), and the effectiveness of the link between strategy and PM was found to not be clearly understood. Issues were also raised on the effectiveness of training. The application of PMS was compromised by the differences in the levels of understanding of PM among managers and employees. This finding is useful because, as highlighted in the literature review, it is important to explore how PMSs work in different institutional and cultural settings. Further, as highlighted by Aburas (2010), the relationships between PM, the BSC, SHRD, and the LGP are strongly interlinked as change in any one initiates a chain reaction which eventually influences the others. Therefore, the summary of both the successful and less successful aspects of PM in this study is an important contribution as this adds to the understanding of the critical success factors and impediments affecting its implementation in the Saudi public sector.

It is, however, important to highlight that there are successful elements in the current PM systems in the Saudi Arabian public sector. The research results highlighted that there is a high degree of agreement between managers and employees that the performance management programmes (the processes) set in place by the ministries are, as a whole, effective, and that PM was helping to improve communication between subordinates and supervisors, as well as assisting in the identification of the strengths and weaknesses of employees. Additionally, the findings on the relationship between managers and employees showed that, on balance, the relationship between managers and employees is strong.

It was clear from this study that, while both managers and employees understood the concept of PM and how it is currently applied by the ministries, comparative results showed that in all cases the managers showed a higher level of understanding than the employees. The differences in understanding varied according to the specific aspect of performance management and were moderate in some cases and strong in others. There was clear and strong evidence that managers had significantly higher levels of understanding or perception than employees regarding the performance improvement programmes. There was therefore a well-established gap in the level of understanding. Hence, although there are successful elements of PMSs in practice, the current PMSs still requires significant adjustments in order to be ready for LGP implementation.

The second major contribution to the body of academic knowledge is to add to the understanding of how PMSs operate on the ground and are perceived by actors in the non-Western context of the Saudi Arabian public sector, in other words, in finding out what they mean to participants. This finding is particularly useful because, as acknowledged by Al-Raisi et al. (2010, p.31), in order to be successful, performance management must include “systems and people working together to ensure meeting the desired objectives.” This requires a certain amount of ‘buy-in’, which can only be achieved if there is a perception that the PMS is valuable and effective. Executive management, management and employees felt that PM was a useful concept, although the level of belief declined respectively from top to bottom. The positive contribution is to the organisation, particularly in terms of skills development and how employees do their jobs. However, there was definite agreement between managers and employees regarding the fact that the current PMS was not working well in some aspects, and that these needed to change. Employees more than managers felt strongly that the current PMS was ineffective and needed to be changed, raising concern about this aspect of the PMS. The main obstacle to PMS identified by managers and employees was bureaucracy, while top management believed it to be poor salaries and ‘over regulation’. This showed divergence in perceptions. Efforts to reduce the obstacles were also seen as being inadequate. The effectiveness of the performance appraisals scheme showed that, while both managers and employees did not have a great deal of faith in performance appraisals, on balance managers were significantly more pessimistic than employees. Both considered the PA schemes to be unfair and biased. Hence there is a need to increase

the likelihood of PMSs being perceived more positively in Saudi Arabia's public sector, as this has an impact on the readiness for implementation of the LGP.

A third major and novel contribution of this study relates to knowledge of the LGP through the identification of the underlying conceptual dimensions and the development of a valid and reliable measurement tool. In and of itself, the empirical research focusing on the Saudi public sector's readiness to implement the LGP is a significant contribution to the literature on SHRD, PMS, the BSC and the LGP in cultural and institutional settings outside of the Western private sector in which the overwhelming majority of studies on these topics are located. It was in conducting this empirical research that perhaps the most significant contribution was made – a tool for measuring the LGP was created. The development of the LGP measurement tool is a methodological contribution, as future researchers and, more importantly, practitioners can use this tool in order to establish the gaps in the understanding of the LGP and establish the level of preparedness for implementation of the BSC in a variety of cultural contexts. The initial developers of the BSC and the LGP (Kaplan and Norton) used empirical evidence from less than a dozen selected commercial corporations in the USA. They, as well as Niven (2006), did not develop a tool for measuring the LGP despite the importance of being able to measure this perspective correctly and accurately due to the LGP being the driver of the rest of the BSC perspectives.

Using factor analysis (principal component analysis), this study produced an empirically generated valid and reliable LGP measurement tool, which is the first attempt of any study to operationalise the LGP; this tool will provide academics and researchers with an understanding of the literature on SHRD, PM, the BSC and its LGP. As highlighted above, a central tenet of this study was to identify underlying dimensions of the LGP and develop a tool for assessing the level of preparedness for LGP implementation. Using factor analysis, the study identified five dimensions for managers and four dimensions for employees. The dimensions for managers were: Motivation System (MS), Employee Satisfaction (ES), Human Capital (HC), Information Capital (IC) and Relationship. These five dimensions explained 72% of the cumulative variance, which indicates that this is a robust model. The dimensions for employees were: HC, IC, ES and Relationship. The model explained 65% of the variance, indicating that here it is a moderately good model. Summated rating scales were developed using a reliability analysis technique. All the new dimensions or variables for the LGP, except Relationship, had high Cronbach's coefficient alpha values, indicating that the scales will be highly reliable.

In addition, the identification of ES as a separate dimension of the LGP and the development of items to measure this concept was an important contribution to the research methodology and academic literature on PM and for practitioners who would like to measure the ES aspect of the LGP. Both Kaplan and Norton (2004) and Niven (2006) did not identify ES as a separate dimension. Instead, ES (and Motivation) appeared to be 'muffled' in what these authors describe as 'Organisational Capital'.

This study found that what these authors considered to be ‘Organisation Capital’ consisted, at the very least, of two major dimensions, ‘Satisfaction’ and ‘Motivation’. Also, the identification of the HC dimension will help in our understanding of the LGP. Kaplan and Norton initially described this dimension in a qualitative manner (no measurements were made), and Niven (2006) also described it qualitatively without necessarily citing Kaplan and Norton. The novel contribution of this study with regard to HC is that it confirmed, using a robust quantitative technique, factor analysis, that HC is a measurable dimension of the LGP.

No similar studies have been conducted in order to gain knowledge on how the LGP, and subsequently the BSC, can be applied in the context of the Saudi public sector. Furthermore, no previous study has been identified that has produced a valid and reliable measurement tool for the LGP in Saudi Arabia or elsewhere. Given the close link between SHRD, PM, the BSC and the LGP (Branson et al., 2013), an understanding of the LGP leads to a further understanding of the BSC, PM, SHRD, and ultimately how human resources can be effectively managed. This is because, as highlighted by Cribb (2006), the LGP is an element of the BSC, which is a PM tool, and PM is about human beings, who need to be developed.

However, although the LGP dimensions were identified, the analysis of these dimensions showed that there are some important weaknesses, which indicates that the ministries are not fully prepared for the implementation of the LGP, which is the heart of the entire BSC. These specifically relate to LGP implementation ‘problems’

associated with the dimensions of: Employee Satisfaction (ES), Motivation (M), Human Capital (HC), Information Capital (IC) and Relationships.

Another major contribution of this study is regarding the relevance of the context in the implementation of the BSC. The evidence from this research leads to the conclusion that Kaplan and Norton's (1992) version of the LGP cannot be applied to the Saudi public sector *per se*; there is a definite need to adapt it to the Saudi context. Objective 4 of this study sets out to address this.

The literature on the applicability of the BSC as a PM tool in different settings (Chapter 3) revealed important differences regarding how each country or region perceives the usefulness of the BSC. This study adds to these perceptions. Kaplan and Norton (1992), the initial developers of the BSC, studied and implemented it in the USA, and applied it in commercial organisations, with their research being limited to only 12 high performing USA firms. Kaplan recommended the introduction of the BSC in the Saudi public sector.

However there are significant differences between the two contexts, which means that applying the LGP *per se* to the Saudi public sector is likely to be problematic. For example, the management structure in the Saudi public sector is hierarchical, while that in the USA is devolved, with more responsibility given to managers. A devolved structure means that managers have more responsibility and the associated autonomy, increasing the likelihood of success in BSC implementation and application.

However, the Saudi public sector structure is strictly hierarchical; it is therefore important to consider this in the light of the intention to adapt the USA-based BSC concept to the Saudi system. Because of context and due to the Saudi public sector being hierarchical, this adaptation is not going to be straightforward, although it is always possible. For example, in their studies in the UK, Goddard and Mannion (2004) found that apprehension because of the negative impact of hierarchy on BSC application was unfounded; rather, managers were quite effective in establishing horizontal networks, which made the application of the BSC possible. The Saudi public sector would need a significant, if not seismic, shift in how the various departmental and section managers relate to each other. This is likely to be a difficult task.

The context in which Kaplan and Norton (1992) developed the BSC was one in which various performance measures exist; indeed performance appraisals in particular are a widely-accepted practice in the USA and other developed countries, where in general they are not considered to be greatly influenced by personal friendships; that is, there is less ‘wastah’ in the USA and these countries. In addition, in the USA, the person being appraised can formally challenge the appraiser or the outcome of the appraisal, and the process to resolve this is generally considered to be fair and free from bias. This is not the case in the organisational culture of the Saudi public sector, where subordinates are effectively subservient, and the notion of challenging the appraiser in a formal process is effectively ‘beyond consideration’. Indeed, this study found that both managers and employees felt that PAs were biased

and unfair; the study also identified Relationship as a primary dimension of the LGP. Therefore these aspects of the LGP need to be resolved in order to apply the LGP in the Saudi public sector. The importance of context in PM application is also shown by the results of Burns and Zhiren's (2010) studies in China and by various studies from the Middle East region. In the case of China, Burns and Zhiren (2010) concluded that PMS failed because of the complexity of the Chinese public sector and the associated bureaucracy. Linking performance to appraisal resulted in a high wage bill but without any associated increase in productivity.

In conclusion, this research and its findings will be of particular benefit, both in contributing to accumulated knowledge, and also to practitioners involved in implementing the LGP, not only in the Saudi public sector, but also in countries with similar institutional and cultural characteristics. This research has also opened up an entire subfield in academic knowledge, namely the enhancement of deficient and non-strategic approaches to learning and growth in the public sectors of Saudi Arabia, and the wider Arabian Gulf Peninsula region, in the context of PMSs. The specific research contributions, their implications and the issues for top management to consider as recommendations are discussed in the next section.

7.4 Recommendations/Adaptations to Ensure Successful Implementation of the LGP in the Saudi Arabian Public Sector

7.4.1 General Recommendations

The primary contribution of this study is that it adds empirically generated new and important knowledge to the literature regarding SHRD, PM, the BSC and the LGP in relation to the Saudi public sector cultural and institutional setting which differs from the Western context in which the vast majority of PM, BSC and LGP studies have been carried out.

It is clear from this study that there are important gaps in the Saudi Arabian public sector's level of preparedness for LGP implementation. Central to this are the unclear links between strategy and PMSs, and the fact that, on balance, employees show an inadequate understanding of the BSC's LGP. Thus, this study has provided clear evidence that the Saudi public sector is not yet fully ready to implement the LGP. The findings also indicate that the strategies of the ministries need to be more effective in terms of translating strategy into action – the primary purpose of the BSC. This could be achieved by dividing the ministries' strategic objectives into individual tasks that are clearly understood by both managers and employees at all levels within the hierarchy examined in the research. In addition, the strategic objectives must be measured and aligned with individual performance. This can be achieved by ensuring that the goals and objectives of the individuals conform to the goals and objectives of the organisation as a whole. Similarly, in order to make PMS more effective, employee appraisals should be linked to rewards or career development opportunities.

This would help in encouraging a positive attitude among employees towards the appraisal system.

HR cannot be developed effectively without linking performance to incentives. This requires qualitative and quantitative measurement methods based on the ministries' strategic objectives in order to achieve fairness in how financial incentives are distributed to each employee. Allied to this, training needs should be identified based on job descriptions that in turn should be designed based on the strategic objectives of the ministry. Both managers and employees should get sufficient training on how they can get the best out of their ministry's PMS. Competition is another challenge facing the Saudi public sector, as it pays lower salaries than the private sector. This makes it difficult for it to retain qualified employees and sends an ambiguous message, as the resource-rich Saudi government wants to improve performance within the public sector whilst paying its employees less than they would get from private sector employers.

7.4.2 Recommendations on how to adapt the LGP for a different cultural setting – Saudi Arabia

It is clear from this study that Kaplan and Norton's version of the LGP cannot be applied to the Saudi public sector without important adaptations. The BSC is arguably one of the most popular PMSs in the world. The LGP is the main driver and is the foundation upon which the other three perspectives of the BSC should be built. The importance of accurately measuring the LGP of a BSC is explicitly stated by

Kaplan and Norton (2004, p.12): *“The intangible assets described in the Balanced Scorecard’s Learning and Growth perspective are the foundation of every organization’s strategy, and the measures in this perspective are the ultimate lead indicators.”* However, until this research, there did not appear to be any academic literature investigating the readiness for the implementation of the LGP of the Saudi Arabian public sector specifically. Indeed, given the tensions between the rationality of the BSC and NPM and their managerialist focus, it is likely that the BSC as envisaged by its originators will need to be substantially altered in order to achieve an efficacious institutional and cultural fit. Given the criticisms of the BSC regarding its shareholder and managerialist orientation and its eschewal of collaboration and inclusivity, and the evidence that involving shareholders in the development and operation of PMSs contributes to performance improvement, this study illustrates that managing this tension will be a challenge.

Kaplan and Norton (1996a) suggest that successful application comprises of two basic phases – measurement and assessment of the implementation phase, and the improvement of the model based on what has been learnt in the implementation stage. A key aspect of the first phase is that it must gather and review feedback, revise and realign goals and targets, and identify the competency gap that must be addressed through training. Based on the findings of this study, the application of the LGP could be problematic. Firstly, no feedback mechanism exists at the moment. Secondly, the evidence appears to show a lack of robust alignment between strategy and goals. Thirdly, inadequate training has been identified among employees. Fourthly, as

highlighted by Niven (2011), the success of the BSC is largely influenced by the existing performance measurement system. The performance management system currently used in the research context is basically performance appraisals, and this, as shown in this research, is perceived as inadequate by employees, with both managers and employees feeling that their superiors tended to favour those they like in the appraisals, and that appraisals are not wholly based on an employee's performance.

Another aspect of the context in which Kaplan and Norton (1992) developed the BSC is that of performance related pay (PRP). PRP is a key element of the BSC. In situations where PMS has been successfully used in the public sector, PRP has been a key element. For example, in the UK, senior civil servants or senior managers working for organisations such as the NHS and regulatory bodies, have their performance linked to their pay (Macalpine & Marsh, 2008). However, no PRP mechanism currently exists in the Saudi public sector, indicating that the Kaplan and Norton model would need to be adapted. Indeed, this study found that managers and employees were very dissatisfied with the lack of the link between performance and pay. In addition, there is also the risk that in some ministries complete mismanagement can be a major source of problems when trying to implement an effective PMS, as was found by Andrews et al. (2006) when they studied UK local government authorities.

To conclude, the evidence provided in this study leads to the conclusion that Kaplan and Norton's (1992) version of the LGP cannot be applied to the Saudi public sector

per se; there is a definite need to adapt it to the Saudi context. In addition, the theoretical implications of challenge are manifold and academically compelling. At the centre of these is the development of the LGP measurement tool for application in the Saudi public sector, and the contribution of knowledge to the literature on SHRD and PM. Given the multiple adaptations that would have to be made to BSC, it is possible and desirable that some of these models have scant resemblance to Kaplan and Norton's (1992, 1996a, 1996b) model. Clearly the measurement of the LGP has not been operationalised, raising important issues on the efficacy of most, if not all, of the BSC models that have been developed using the LGP as a perspective for the BSC. For the first time, there is valid and reliable, empirically-derived academic evidence regarding the main dimensions which affect the readiness of the Saudi Arabian public sector to implement the LGP, in particular, and, more generally, in relation to performance management. By identifying and analysing the five dimensions of Motivation Systems, Employee Satisfaction, Human Capital, Information Capital and Relationship, the researcher has provided a basis for future academic studies regarding the LGP, the BSC, and performance management in general in the Saudi Arabian context. Furthermore, factor analysis as a technique to identify and analyse important dimensions can be followed in similar future research to confirm these factors or can be used by practitioners. This study has therefore made an academic contribution in the identification of the underlying LGP dimensions, which should enable future researchers to operationalise future quantitative research in which hypotheses can be tested. It can therefore be argued that this study has made a small/marginal contribution to research methods. Above

all, the study has enhanced our understanding of SHRD, PM, the BSC and the LGP by contributing significant and new knowledge to the literature.

7.5 Research Limitations and Future Research

Like most research, this study has its own limitations. However, these limitations are unlikely to have significantly compromised the validity of the findings. The important limitations and suggestions for future research are presented below.

This study was limited to male employees because of cultural difficulties in gaining access to female employees; this means that the views captured using the questionnaire and interviews are those from males only. However, given the increasing number of women working in the Saudi public sector and also the fact that some departments, such as maternity services in hospitals, are staffed almost exclusively by women, it is strongly suggested that a comparative study be conducted among female respondents. It would also be interesting to see if LGP dimensions are stable if gender is taken into account. This research has already established that the 'Motivation' dimension differed between managers and employees, thereby creating the possibility of gender differences. Such traditional barriers could be overcome if a female carried out the research.

Another limitation of this study relates to the fact that it is impossible to establish whether the answers given by a respondent are honest, true and sincere. While this is

unlikely to have any significant impact on the findings of the structured questionnaire (the few wrong answers should be swallowed by the large sample size), in the case of interviews (only six interviews were undertaken), there is the small chance that the respondent may have provided answers that may have deviated from reality, thereby compromising the findings. However, there were no obvious reasons or observations to assume that this was the case. Further, despite the back translation procedure used in designing the questions, there is always the possibility that some information may be lost in the process, as back translation is not fool-proof. The use of mixed methods in data collection and analysis should also reduce the impact of this.

The researcher has made considerable effort in a limited time to provide significant findings and appropriate recommendations. It is suggested that the ministries included in the study should consider the implications discussed above as these may improve the Saudi public sector's performance and bring outcomes closer to the ministries' expectations. In addition, this study collected data from only three ministries. While there is no reason to consider that these ministries are not representative of the rest of the public sector ministries, there still remains a small possibility that this might not be the case. Therefore, two types of study could be undertaken in the future. The first is to repeat the research after a certain time period in order to determine the level of progress made in readiness for BSC implementation. The second would be to include more ministries in the research in order that generalisations could be more robust. Additionally, in both cases, the advantage of more research is that this would provide the opportunity to assess

whether the LGP dimensions identified in this study remain stable in different situations. In particular, the 'Relationships' dimension identified in this study had low explanatory power; therefore, exploring this dimension further with more research is likely to be beneficial.

7.6 Conclusion

The Saudi government is seriously considering implementing the BSC in the public sector. However, the BSC remains a controversial instrument for measuring performance. A particular area of contention is how the LGP is to be measured. This study has presented a holistic review of LGP readiness as part of the wider BSC implementation through a comprehensive scrutiny of the relevant literature, an exploratory survey using a structured questionnaire distributed to managers and employees, and interviews conducted with CEOs of three ministries and their respective HR professionals. LGP conceptual dimensions were identified, and a summated rating scale was developed to measure the LGP. While on balance managers appear to be prepared for BSC implementation, employees appear to be less so. More strikingly, however, is the fact that all but one of the CEOs and top HR managers were not familiar with the concepts relating to the BSC, and even less with those relating to the LGP. Given the importance of top management in the implementation of large projects, the success of the implementation of the BSC is likely to be significantly compromised by the apparent lack of awareness among top

management. In addition, the effectiveness of the existing PM system is questionable due to the fact that the strategic goals of the ministries appear to not be linked to individual performance. Also, employees feel that they are inadequately trained and that the support system put in place to encourage innovation does not appear to be working effectively due to there being a noticeable lack of creativity and innovation. Overall, there is a need to adapt Kaplan and Norton's LGP to suit the Saudi public sector. These important issues need serious consideration by top management in order to improve the likelihood of successfully implementing the BSC, a process which has been found to be extremely challenging in many organisations.

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APPENDICES

Appendix A-1: Questionnaires

A-1 Questionnaire form for Employees

Part One:

1. How old are you?

- ☐ 20 - below 30 years old
- ☐ 30 – below 40 years old
- ☐ 40 – below 50 years old
- ☐ 50 and above.

2. What is your current educational level?

- ☐ High school or equivalent .
- ☐ College or university degree.
- ☐ Masters.
- ☐ PhD.

3. How many years have you been working in this ministry?

- ☐ 1 – below 5 years.
- ☐ 5 – below 10 years.
- ☐ 10 – below 20 years.
- ☐ 20 – and more.

4. What is your hierarchy grade?

- ☐ 4- 6
- ☐ 7- 9
- ☐ 10- 12

5. How many training courses have you taken in the ministry?

- ☐ I have not taken any training course in this ministry.
- ☐ Between 1 - 5.
- ☐ Between 6 - 10.
- ☐ More than 10.

Part Two: Please indicate to what extent you agree/disagree with each of the following statements regarding the Performance Management System in the ministry from your perception by circling the most appropriate answer (1 – 5) in each case:

Strongly agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly disagree (1)
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N	Understanding the current performance management system	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	I understand the ministry's business goals and objectives.	5	4	3	2	1
2	I know what is expected of me by the ministry.	5	4	3	2	1
3	I know how the performance management system operates in the ministry.	5	4	3	2	1
4	I have been trained to get the best out of the performance management system in the ministry.	5	4	3	2	1
5	I do understand how my manager decides my assessment.	5	4	3	2	1
6	My job objectives relate to the business needs of the ministry	5	4	3	2	1
7	I have received adequate training in performance management.	5	4	3	2	1
8	I have authority to determine my work objectives.	5	4	3	2	1
9	The ministry is committed to my training and development.	5	4	3	2	1
10	Performance management is limited to higher positions in the ministry.	5	4	3	2	1
11	Performance management helps me to communicate with my manager about what is expected of me to achieve.	5	4	3	2	1
12	Performance appraisal links the ministry's strategic goals with my performance	5	4	3	2	1
13	I get feedback from my performance appraisal.	5	4	3	2	1
14	Performance appraisal links my performance with motivation.	5	4	3	2	1
15	Performance appraisal clarifies and defines my performance expectation.	5	4	3	2	1
16	Performance appraisal identifies my training needs.	5	4	3	2	1
17	My work objectives are realistic to achieve.	5	4	3	2	1
18	I find it easy to discuss work problems with my line manager.	5	4	3	2	1
19	I have difficulty in agreeing objectives with my manager.	5	4	3	2	1
20	I meet with my line manager regularly to discuss my performance.	5	4	3	2	1
21	Assessments of my performance are, fair and unbiased.	5	4	3	2	1
22	I am satisfied with the way my manager conducts my performance appraisal	5	4	3	2	1

Part Three:

Please indicate the extent to which you agree or disagree with each of the following statements regarding the performance management as it applies to you as an employee in the ministry by circling the most appropriate answer (1 – 5) in each case:

Strongly agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly disagree (1)
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N	What performance management means to you? OR How is performance management perceived by you?	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	Performance management helps me to do my job better in the ministry	5	4	3	2	1
2	Performance management develops my skills and capabilities.	5	4	3	2	1
3	Performance management generally is only of use to the personnel department.	5	4	3	2	1
4	Performance management is only of use to the individual line manager.	5	4	3	2	1
5	The current performance management system works well and does not need to change.	5	4	3	2	1
6	The performance management system in the ministry is clear for me.	5	4	3	2	1
7	Performance management in the ministry is successful because it is part of an integrated approach to the management of people.	5	4	3	2	1
8	Performance management in the ministry is successful because it integrates the goals of individuals with those of the organisation.	5	4	3	2	1
9	Performance management must be linked with the payment systems.	5	4	3	2	1
10	Performance management in the ministry is inevitably become a bureaucratic chore.	5	4	3	2	1
11	The people in my work group are committed to work in the ministry.	5	4	3	2	1
12	I have no problem for my manager to tell my negative comments about my performance.	5	4	3	2	1
13	The information generated from performance appraisal is productive and of value.	5	4	3	2	1
14	The time is spent on performance appraisal could be used more productively elsewhere.	5	4	3	2	1
15	There is a problem in the existing design of the performance appraisal form.	5	4	3	2	1
16	Performance appraisal develops my performance.	5	4	3	2	1
17	Performance appraisal relieves my uncertainty about performance.	5	4	3	2	1

Part Four:

please indicate the extent to which you agree or disagree with the following statements about the Learning and Growth perspective of the Balanced Scorecard.

Strongly agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly disagree (1)
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N	Examine the elements of the Learning & Growth perspective of the balanced scorecard.	Strongly agree	Agree	Neutral	disagree	Strongly disagree
1	I am aware of what the balanced scorecard is about.	5	4	3	2	1
2	The ministry has a mechanism to ensure employees ability to do their jobs.	5	4	3	2	1
3	The ministry are concern about developing employees' capabilities.	5	4	3	2	1
4	The ministry has a mechanism for current training needs.	5	4	3	2	1
5	The ministry follows a system that enables it to determine training needs in future.	5	4	3	2	1
6	The factors that limit the pressures of work are addressed.	5	4	3	2	1
7	The individuals work tasks are aligned with the ministry's strategic objectives.	5	4	3	2	1
8	The motivation scheme in the ministry is linked with the individuals' performance.	5	4	3	2	1
9	Employees are involved with the ministry's decisions.	5	4	3	2	1
10	Employees are active encouragement to be creative and use initiative.	5	4	3	2	1
11	The focus of performance management in the ministry is continuously developed.	5	4	3	2	1
12	The main objective of performance management in the ministry is to motivate individuals.	5	4	3	2	1
13	The ministry provides their staff with the technological equipments needed to perform work tasks efficiently and effectively.	5	4	3	2	1
14	Employees have access to sufficient information to do their jobs well.	5	4	3	2	1
15	The employees' satisfaction is measured in the ministry.	5	4	3	2	1
16	Hard work in the ministry is recognised / rewarded.	5	4	3	2	1
17	The ministry values my contribution.	5	4	3	2	1
18	The ministry is a good employer.	5	4	3	2	1
19	The communications is good among ministry's employees.	5	4	3	2	1
20	My work colleagues and I have respect for each other.	5	4	3	2	1
21	My work colleagues and I work as a team.	5	4	3	2	1
22	Managers give the best assessments to people they like.	5	4	3	2	1

A-2: Questionnaire form for Managers

Part One:

1. How old are you?

- ☐ 20 – below 30 years old
- ☐ 30 – below 40 years old
- ☐ 40 – below 50 years old
- ☐ 50 and above.

2. What is your current educational level?

- ☐ High school or equivalent.
- ☐ College or university degree.
- ☐ Masters.
- ☐ PhD.

3. How many years have you been working in this ministry?

- ☐ 1 – below 5 years.
- ☐ 5 – below 10 years.
- ☐ 10 – below 20 years.
- ☐ 20 – and more.

4. What is your hierarchy grade?

- ☐ 8- 10
- ☐ 11- 13
- ☐ and above.

5. What is your position in the ministry?

- ☐ Director General. ☐ Department Manager. ☐ Section Chief.
- ☐ Other,

6. How many training courses have you taken in the ministry?

- ☐ I have not taken any training course in this ministry.
- ☐ Between 1 - 5.
- ☐ Between 6 - 10.
- ☐ More than 10.

Part Two: Please indicate to what extent you agree/disagree with each of the following statements regarding the Performance Management System in the ministry from your perception by circling the most appropriate answer (1 – 5) in each case:

Strongly agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly disagree (1)
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N	Understanding the current performance management system	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	I understand the ministry's business goals and objectives.	5	4	3	2	1
2	I know what is expected of me by the ministry.	5	4	3	2	1
3	I know how the performance management system operates in the ministry.	5	4	3	2	1
4	I have been trained to get the best out of the performance management system in the ministry.	5	4	3	2	1
5	My employees understand how I decide their assessment.	5	4	3	2	1
6	I understand how my objectives relate to the business needs of the ministry	5	4	3	2	1
7	I have received adequate training in performance management.	5	4	3	2	1
8	I have authority to determine my work objectives in the ministry.	5	4	3	2	1
9	The ministry is committed to my training and development.	5	4	3	2	1
10	Performance management is limited to higher positions in the ministry.	5	4	3	2	1
11	Performance management helps me to communicate with my employees about what is expected of them to achieve.	5	4	3	2	1
12	Performance appraisal links the ministry's strategic goals with the employee's performance	5	4	3	2	1
13	I give my employees feedback about their performance.	5	4	3	2	1
14	Performance appraisal links my employees' performance with motivation.	5	4	3	2	1
15	Performance appraisal clarifies and defines the expectation of employees' performance.	5	4	3	2	1
16	Performance appraisal identifies employees training needs.	5	4	3	2	1
17	Employees work objectives are realistic to achieve.	5	4	3	2	1
18	I find it easy to discuss work problems with my employees.	5	4	3	2	1
19	I have difficulty in agreeing objectives with my employees.	5	4	3	2	1
20	I meet with my line manager regularly to discuss my performance.	5	4	3	2	1
21	Assessments of my employees' performance are fair and unbiased.	5	4	3	2	1
22	I am satisfied with the way I conduct my employees performance appraisal	5	4	3	2	1

Part Three:

Please indicate the extent to which you agree or disagree with each of the following statements regarding the performance management as it applies to you as a line manager in the ministry by circling the most appropriate answer (1 – 5) in each case:

Strongly agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly disagree (1)
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N	What performance management means to you? OR How performance management is perceived to you?	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
❖ The contribution of the performance management to Employees						
1	Performance management helps me to do my job better in the ministry	5	4	3	2	1
2	Performance management develops my skills and capabilities.	5	4	3	2	1
3	Performance management generally is only of use to the personnel department	5	4	3	2	1
4	Performance management is only of use to the individual line manager.	5	4	3	2	1
5	The current performance management system works well and does not need to change.	5	4	3	2	1
6	The performance management system in the ministry is clear for me.	5	4	3	2	1
7	Performance management in the ministry is successful because it is part of an integrated approach to the management of people.	5	4	3	2	1
8	Performance management in the ministry is successful because it integrates the goals of individuals with those of the organisation.	5	4	3	2	1
9	Performance management must be linked with the payment systems.	5	4	3	2	1
10	Performance management in the ministry is inevitably become a bureaucratic chore.	5	4	3	2	1
11	The people in my work group are committed to work in the ministry.	5	4	3	2	1
12	I have no problem to tell my employees negative comments about their performance.	5	4	3	2	1
13	The information generated from performance appraisal is productive and of value.	5	4	3	2	1
14	The time is spent on performance appraisal could be used more productively elsewhere.	5	4	3	2	1
15	There is a problem in the existing design of the performance appraisal form.	5	4	3	2	1
16	Performance appraisal develops my employees' performance.	5	4	3	2	1
17	Performance appraisal relieves employees' uncertainty about performance	5	4	3	2	1

Part Four:

Please indicate the extent to which you agree or disagree with the following statements about the Learning and Growth perspective of the Balanced Scorecard.

	Strongly agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly disagree (1)
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N	About the Learning & Growth perspective of the Balanced Scorecard.	Strongly agree	Agree	Neutral	disagree	Strongly disagree
1	I am aware of what the balanced scorecard is about.	5	4	3	2	1
2	The ministry has a mechanism to ensure employees ability to do their jobs.	5	4	3	2	1
3	The ministry are concern about developing employees' capabilities.	5	4	3	2	1
4	The ministry has a mechanism for current training needs.	5	4	3	2	1
5	The ministry follows a system that enables it to determine training needs in future.	5	4	3	2	1
6	The factors that limit the pressures of work are addressed.	5	4	3	2	1
7	The individuals work tasks are aligned with the ministry's strategic objectives.	5	4	3	2	1
8	The motivation scheme in the ministry is linked with the individuals' performance	5	4	3	2	1
9	Employees are involved with the ministry's decisions.	5	4	3	2	1
10	Employees are active encouragement to be creative and use initiative.	5	4	3	2	1
11	The focus of performance management in the ministry is continuously developed.	5	4	3	2	1
12	The main objective of performance management in the ministry is to motivate individuals.	5	4	3	2	1
13	The ministry provides their staff with the technological equipments needed to perform work tasks efficiently and effectively.	5	4	3	2	1
14	Employees have access to sufficient information to do their jobs well.	5	4	3	2	1
15	The employees' satisfaction is measured in the ministry.	5	4	3	2	1
16	Hard work in the ministry is recognised / rewarded.	5	4	3	2	1
17	The ministry values my contribution.	5	4	3	2	1
18	The ministry is a good employer.	5	4	3	2	1
19	The communications is good among ministry's employees.	5	4	3	2	1
20	My work colleagues and I have respect for each other.	5	4	3	2	1
21	My work colleagues and I work as a team.	5	4	3	2	1
22	Managers give the best assessments to people they like.	5	4	3	2	1

Appendix B: Demographic information

B-1: Distribution of the sample according to the type of job and hierarchy grade

Type of job Hierarchy grade	Employees		Managers		Total	
	Freq.	%	Freq.	%	Freq.	%
4 - 6.	64	27.1	-	-	64	18.0
7 - 9.	111	47.0	-	-	111	31.2
10 - 12.	56	23.7	-	-	56	15.7
8 - 10.	-	-	33	27.5	33	9.3
11 - 13.	-	-	79	65.8	79	22.2
14 and above.	-	-	4	3.3	4	1.1
Missing	5	2.1	4	3.3	9	2.5
Total	236	100.0	120	100.0	356	100.0

B-2: Distribution of the sample according to the type of job and the position title in the ministry

Type of job The position title in the ministry	Employees		Managers		Total	
	Freq.	%	Freq.	%	Freq.	%
Director General	-	-	31	25.8	31	8.7
Department Manager	-	-	38	31.7	38	10.7
Section Chief	-	-	31	25.8	31	8.7
Other	-	-	18	15.0	18	5.1
Missing	236	100.0	2	1.7	238	66.9
Total	236	100.0	120	100.0	356	100.0

B-3: Distribution of the sample according to the type of job and number of training courses in the ministry

<div> <div>Type of job</div> <div>Number of training courses in the ministry</div> </div>	Employees		Managers		Total	
	Freq.	%	Freq.	%	Freq.	%
Nothing	50	21.2	-	-	50	14.0
Between 1 – 5	99	41.9	19	15.8	118	33.1
Between 6 – 10	54	22.9	58	48.3	112	31.5
More than 10	33	14.0	43	35.8	76	21.3
Total	236	100.0	120	100.0	356	100.0

Appendix C: SPSS output for Reliability Test for Factor 1: Motivation System

Reliability Statistics

Cronbach's Alpha	N of Items
.895	5

Case Processing Summary

	N	%
Cases Valid	119	99.2
Excluded ^a	1	.8
Total	120	100.0

a. Listwise deletion based on all variables in the procedure.

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
The motivation scheme in the ministry is linked with the individuals' performance	11.58	14.161	.702	.883
Employees are involved with the Ministry's decisions.	11.75	14.326	.755	.869
Employees are active encouragement to be creative and use initiative.	11.36	13.860	.821	.854
The focus of performance management in the Ministry is continuously developed.	11.29	15.070	.785	.865
The main objective of performance management in the Ministry is to motivate individuals.	11.27	15.486	.662	.889

Appendix D: T test results - comparison between managers and employees on PM

Group Statistics

	Class	N	Mean	Std. Deviation	Std. Error Mean
I understand the Ministry's business goals and objectives.	Managers	120	4.46	.620	.057
	Employees	235	4.20	.817	.053
I know what is expected of me by the Ministry.	Managers	120	4.59	.527	.048
	Employees	236	4.41	.723	.047
I know how the performance management system operates in the Ministry.	Managers	119	3.99	.888	.081
	Employees	235	3.51	1.023	.067
I have been trained to get the best out of the performance management system in the Ministry.	Managers	119	3.61	1.027	.094
	Employees	233	3.00	1.131	.074
My employees understand how I decide their assessment.	Managers	119	4.07	.800	.073
	Employees	236	3.67	1.122	.073
I understand how my objectives relate to the business needs of the Ministry	Managers	120	4.15	.876	.080
	Employees	235	3.78	.992	.065
I have received adequate training in performance management.	Managers	117	3.45	1.038	.096
	Employees	235	2.79	1.104	.072
I have authority to determine my work objectives in the Ministry.	Managers	119	3.61	1.059	.097
	Employees	236	3.00	1.132	.074
The Ministry is committed to my training and development.	Managers	120	3.94	.863	.079
	Employees	235	3.57	1.183	.077
Performance management is limited to higher positions in the Ministry.	Managers	119	4.05	.822	.075
	Employees	234	3.95	.941	.062
Performance management helps me to communicate with my employees about what is expected of them to achieve.	Managers	120	3.78	.891	.081
	Employees	235	3.61	.970	.063
Performance appraisal links the Ministry's strategic goals with the employee's performance	Managers	120	3.47	1.076	.098
	Employees	233	3.29	1.017	.067
I give my employees feedback about their performance.	Managers	120	4.07	.796	.073
	Employees	233	3.26	1.097	.072
Performance appraisal links my employees' performance with motivation.	Managers	119	3.29	1.263	.116
	Employees	232	3.00	1.318	.087
Performance appraisal clarifies and defines the expectation of employees' performance.	Managers	120	3.70	.967	.088
	Employees	235	3.34	1.048	.068
Performance appraisal identifies employees training needs.	Managers	118	3.74	1.066	.098
	Employees	234	3.48	1.198	.078
Employees work objectives are realistic to achieve.	Managers	119	4.13	.802	.073
	Employees	235	3.89	.868	.057
I find it easy to discuss work problems with my employees.	Managers	120	4.18	.898	.082
	Employees	236	4.06	1.009	.066
I have difficulty in agreeing objectives with my employees.	Managers	118	2.95	1.267	.117
	Employees	234	2.75	1.200	.078
I meet with my line manager regularly to discuss my performance.	Managers	119	3.68	.892	.082
	Employees	234	3.29	1.158	.076
Assessments of my employees' performance are fair and unbiased.	Managers	119	3.82	1.065	.098
	Employees	235	3.73	1.035	.068
I am satisfied with the way I conduct my employees performance appraisal	Managers	119	3.87	1.109	.102
	Employees	236	3.61	1.107	.072

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
I understand the Ministry's business goals and objectives.	Equal variances assumed	2.426	.120	2.994	353	.003	.254	.085	.087	.421
	Equal variances not assumed			3.267	302.489	.001	.254	.078	.101	.407
I know what is expected of me by the Ministry.	Equal variances assumed	8.978	.003	2.485	354	.013	.185	.074	.039	.331
	Equal variances not assumed			2.748	311.640	.006	.185	.067	.052	.317
I know how the performance management system operates in the Ministry.	Equal variances assumed	10.381	.001	4.364	352	.000	.481	.110	.264	.698
	Equal variances not assumed			4.571	268.694	.000	.481	.105	.274	.688
I have been trained to get the best out of the performance management system in the Ministry.	Equal variances assumed	.071	.790	4.859	350	.000	.601	.124	.358	.844
	Equal variances not assumed			5.014	259.033	.000	.601	.120	.365	.837
My employees understand how I decide their assessment.	Equal variances assumed	22.715	.000	3.412	353	.001	.393	.115	.167	.620
	Equal variances not assumed			3.802	313.459	.000	.393	.103	.190	.597
I understand how my objectives relate to the business needs of the Ministry	Equal variances assumed	7.135	.008	3.466	353	.001	.371	.107	.161	.582
	Equal variances not assumed			3.609	267.671	.000	.371	.103	.169	.574
I have received adequate training in performance management.	Equal variances assumed	.242	.623	5.434	350	.000	.666	.123	.425	.907
	Equal variances not assumed			5.548	244.996	.000	.666	.120	.429	.902
I have authority to determine my work objectives in the Ministry.	Equal variances assumed	.008	.930	4.891	353	.000	.609	.125	.364	.854
	Equal variances not assumed			4.998	251.123	.000	.609	.122	.369	.849
The Ministry is committed to my training and development.	Equal variances assumed	27.680	.000	3.083	353	.002	.376	.122	.136	.615
	Equal variances not assumed			3.407	311.339	.001	.376	.110	.159	.593
Performance management is limited to higher positions in the Ministry.	Equal variances assumed	4.565	.033	.958	351	.339	.097	.102	-.103	.297
	Equal variances not assumed			1.002	267.659	.317	.097	.097	-.094	.289
Performance management helps me to communicate with my employees about what is expected of them to achieve.	Equal variances assumed	2.087	.149	1.651	353	.100	.175	.106	-.033	.383
	Equal variances not assumed			1.697	258.509	.091	.175	.103	-.028	.378
Performance appraisal links the Ministry's strategic goals with the employee's performance	Equal variances assumed	1.177	.279	1.537	351	.125	.179	.117	-.050	.408
	Equal variances not assumed			1.509	228.687	.133	.179	.119	-.055	.413
I give my employees feedback about their performance.	Equal variances assumed	32.385	.000	7.128	351	.000	.805	.113	.583	1.027
	Equal variances not assumed			7.875	312.213	.000	.805	.102	.604	1.006
Performance appraisal links my employees' performance with motivation.	Equal variances assumed	.087	.768	1.979	349	.049	.290	.147	.002	.578
	Equal variances not assumed			2.007	247.128	.046	.290	.145	.005	.575
Performance appraisal clarifies and defines the expectation of employees' performance.	Equal variances assumed	1.252	.264	3.100	353	.002	.355	.115	.130	.581
	Equal variances not assumed			3.183	257.565	.002	.355	.112	.135	.575
Performance appraisal identifies employees training needs.	Equal variances assumed	3.659	.057	1.950	350	.052	.254	.130	-.002	.511
	Equal variances not assumed			2.027	260.537	.044	.254	.126	.007	.502
Employees work objectives are realistic to achieve.	Equal variances assumed	.464	.496	2.529	352	.012	.241	.095	.054	.428
	Equal variances not assumed			2.596	254.469	.010	.241	.093	.058	.424
I find it easy to discuss work problems with my employees.	Equal variances assumed	1.026	.312	1.137	354	.256	.124	.109	-.091	.339
	Equal variances not assumed			1.181	265.389	.239	.124	.105	-.083	.331
I have difficulty in agreeing objectives with my employees.	Equal variances assumed	2.240	.135	1.427	350	.154	.197	.138	-.075	.469
	Equal variances not assumed			1.402	223.891	.162	.197	.141	-.080	.474
I meet with my line manager regularly to discuss my performance.	Equal variances assumed	10.802	.001	3.221	351	.001	.390	.121	.152	.628
	Equal variances not assumed			3.501	296.560	.001	.390	.111	.171	.609
Assessments of my employees' performance are fair and unbiased.	Equal variances assumed	.007	.935	.744	352	.457	.087	.118	-.144	.319
	Equal variances not assumed			.737	231.082	.462	.087	.119	-.146	.321
I am satisfied with the way I conduct my employees performance appraisal	Equal variances assumed	1.188	.277	2.118	353	.035	.264	.125	.019	.509
	Equal variances not assumed			2.117	236.463	.035	.264	.125	.018	.509

Group Statistics

	Class	N	Mean	Std. Deviation	Std. Error Mean
Performance management helps me to do my job better in the Ministry	Managers	119	3.76	.947	.087
	Employees	235	3.44	1.025	.067
Performance management develops my skills and capabilities.	Managers	119	3.74	.848	.078
	Employees	236	3.33	1.061	.069
Performance management generally is only of use to the personnel department	Managers	117	3.11	1.151	.106
	Employees	235	2.85	1.035	.067
Performance management is only of use to the individual line manager.	Managers	119	3.64	.998	.091
	Employees	234	3.43	1.038	.068
The current performance management system works well and does not need to change.	Managers	118	3.03	1.086	.100
	Employees	235	2.63	1.071	.070
The performance management system in the Ministry is clear for me.	Managers	119	3.27	1.039	.095
	Employees	236	2.93	1.074	.070
Performance management in the Ministry is successful because it is part of an integrated approach to the management of p	Managers	119	3.35	1.013	.093
	Employees	236	2.92	1.055	.069
Performance management in the Ministry is successful because it integrates the goals of individuals with those of the o	Managers	119	3.33	1.009	.093
	Employees	235	2.93	1.060	.069
Performance management must be linked with the payment systems.	Managers	120	3.97	1.020	.093
	Employees	232	4.05	3.589	.236
Performance management in the Ministry is inevitably become a bureaucratic chore.	Managers	120	3.48	1.037	.095
	Employees	233	3.56	.950	.062
The people in my work group are committed to work in the Ministry.	Managers	118	3.62	.905	.083
	Employees	236	3.76	.947	.062
I have no problem to tell my employees negative comments about their performance.	Managers	119	4.01	.859	.079
	Employees	234	4.24	.884	.058
The information generated from performance appraisal is productive and of value.	Managers	120	3.52	1.020	.093
	Employees	234	3.88	.984	.064
The time is spent on performance appraisal could be used more productively elsewhere.	Managers	120	2.96	1.080	.099
	Employees	234	3.06	1.112	.073
There is a problem in the existing design of the performance appraisal form.	Managers	119	3.68	1.127	.103
	Employees	235	3.39	.924	.060
Performance appraisal develops my employees' performance.	Managers	119	3.59	1.020	.094
	Employees	235	3.81	1.109	.072
Performance appraisal relieves employees' uncertainty about performance	Managers	120	3.73	.950	.087
	Employees	235	3.90	1.056	.069

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Performance management helps me to do my job better in the Ministry	Equal variances assumed	3.382	.067	2.789	352	.006	.314	.112	.093	.535
	Equal variances not assumed			2.862	254.328	.005	.314	.110	.098	.530
Performance management develops my skills and capabilities.	Equal variances assumed	7.586	.006	3.618	353	.000	.405	.112	.185	.625
	Equal variances not assumed			3.891	287.685	.000	.405	.104	.200	.609
Performance management generally is only of use to the personnel department	Equal variances assumed	2.994	.084	2.174	350	.030	.264	.122	.025	.503
	Equal variances not assumed			2.098	211.233	.037	.264	.126	.016	.513
Performance management is only of use to the individual line manager.	Equal variances assumed	.463	.497	1.831	351	.068	.211	.115	-.016	.438
	Equal variances not assumed			1.855	246.017	.065	.211	.114	-.013	.436
The current performance management system works well and does not need to change.	Equal variances assumed	1.487	.224	3.294	351	.001	.400	.121	.161	.639
	Equal variances not assumed			3.279	231.704	.001	.400	.122	.160	.640
The performance management system in the Ministry is clear for me.	Equal variances assumed	.131	.718	2.819	353	.005	.337	.119	.102	.572
	Equal variances not assumed			2.850	243.790	.005	.337	.118	.104	.569
Performance management in the Ministry is successful because it is part of an integrated approach to the management of p	Equal variances assumed	.410	.522	3.703	353	.000	.433	.117	.203	.664
	Equal variances not assumed			3.752	245.378	.000	.433	.116	.206	.661
Performance management in the Ministry is successful because it integrates the goals of individuals with those of the o	Equal variances assumed	.077	.781	3.372	352	.001	.396	.117	.165	.627
	Equal variances not assumed			3.427	247.647	.001	.396	.116	.168	.623
Performance management must be linked with the payment systems.	Equal variances assumed	.784	.377	-.254	350	.799	-.085	.335	-.743	.573
	Equal variances not assumed			-.336	294.849	.737	-.085	.253	-.584	.414
Performance management in the Ministry is inevitably become a bureaucratic chore.	Equal variances assumed	2.225	.137	-.716	351	.474	-.079	.110	-.296	.138
	Equal variances not assumed			-.696	222.743	.487	-.079	.113	-.302	.144
The people in my work group are committed to work in the Ministry.	Equal variances assumed	.051	.821	-1.369	352	.172	-.144	.105	-.351	.063
	Equal variances not assumed			-1.390	243.764	.166	-.144	.104	-.348	.060
I have no problem to tell my employees negative comments about their performance.	Equal variances assumed	3.747	.054	-2.299	351	.022	-.227	.099	-.421	-.033
	Equal variances not assumed			-2.321	243.648	.021	-.227	.098	-.419	-.034
The information generated from performance appraisal is productive and of value.	Equal variances assumed	3.432	.065	-3.139	352	.002	-.351	.112	-.571	-.131
	Equal variances not assumed			-3.102	232.445	.002	-.351	.113	-.574	-.128
The time is spent on performance appraisal could be used more productively elsewhere.	Equal variances assumed	.103	.748	-.786	352	.432	-.097	.124	-.340	.146
	Equal variances not assumed			-.794	246.442	.428	-.097	.123	-.339	.144
There is a problem in the existing design of the performance appraisal form.	Equal variances assumed	9.141	.003	2.578	352	.010	.289	.112	.069	.510
	Equal variances not assumed			2.417	200.385	.017	.289	.120	.053	.525
Performance appraisal develops my employees' performance.	Equal variances assumed	.060	.806	-1.848	352	.065	-.225	.122	-.464	.014
	Equal variances not assumed			-1.899	255.340	.059	-.225	.118	-.457	.008
Performance appraisal relieves employees' uncertainty about performance	Equal variances assumed	.375	.541	-1.473	353	.142	-.169	.115	-.394	.057
	Equal variances not assumed			-1.524	263.086	.129	-.169	.111	-.387	.049